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Southeast Asia Report

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SOUTHEAST ASIA REPORT

CONTENTS

PHILIPPINES

Illegal Sale of Travel Documents to PRC Nationals Probed
(Rey Arquiza; PHILIPPINE DAILY INQUIRER, 19 Jul 86)...... 1

Ople Urges Aquino To Cancel U.S. Trip Over Bases Issue
(THE NEW PHILIPPINES DAILY EXPRESS, 19 Jul 86)........... 2

Reportage on PDP-Laban Annual Convention
(THE MANILA EVENING POST, 1 Jul 86; THE NEW PHILIPPINES DAILY EXPENSES, 1 Jul 86)................................ 4

Requests Legalization of Communists 4
Launches Recruitment Program, by F. V. Maragay 5

Government Reorganization Said To Raise Unemployment
(Ray S. Enano; THE MANILA CHRONICLE, 19 Jul 86).......... 7

Reportage on Activities of Good Government Commission
(THE NEWS HERALD, 18 Jul 86; THE NEW PHILIPPINES DAILY EXPRESS, 19 Jul 86)................................ 9

'Political Pressure' Threatens Efforts, by Vic Sollorano 9
Sequestered Firms Billed for Expenses, by Rodolfo V. Brul 10

KBL Leaders Criticize Pimentel, OIC's
(E. T. Suarez; MANILA BULLETIN, 14 Jul 86)............... 12

Pimentel Defends Use of Problems Besetting OIC's
(E. T. Suarez; MANILA BULLETIN, 18 Jul 86)............... 14

MALAYA Editorial Says Pimentel 'Vindicated' on OIC's
(ANG PAHAYAGANG MALAYA, 13 Jul 86)........................ 16

Editorial Lauds Lifting of Marcos Decree
(THE NEWS HERALD, 19 Jul 86).............................. 17

Purge of Marcos Imprint on School Books Planned
(Tess Villaneuva; THE MANILA CHRONICLE, 30 Jun 86)....... 18

Commission Ends Aquino Trial Investigation
(KYODO, 16 Jul 86).. 20

Columnist Reviews Survey on Aquino Government
(Francisco S. Tatad; BUSINESS DAY, 18 Jul 86)............ 21

MALAYA Columnist Views Aquino Government Ills
(Renato Constantino; ANG PAHAYAGANG MALAYA, 11 Jul 86)... 24

Reportage on Reaction to Loyalists Coup Attempt
(Various sources, various dates).......................... 27

- Columnist Views Troops' Role, by Luis R. Mauricio 27
- Columnist Lauds Aquino's Handling, by F. T. Ocampo 30
- Rebels Contacted Marcos During Attempt 31
- Enrile on Ability To Solve Problems 32
- Rebels Talked With Marcos, by Roberto Coloma 33
- 'Missing' Colonel Explains Coup Involvement 34
- Enrile Defends Handling of Incident 35
- Aquino Handling Criticized, by Ninez Cacho-Olivares 36

Paper Reports on Arrest of Demonstrating Marcos Loyalists
(Marc Logan, Cecilio Francisco Jr.; THE NEWS HERALD, 14 Jul 86).. 39

Four Radio Stations To Be Probed on Sedition Charges
(Geselle J. Militante; BUSINESS DAY, 15 Jul 86).......... 42

Papers Comment on Tolentino Coup Attempt
(ANG PAHAYAGANG MALAYA, 8 Jul 86; THE MANILA CHRONICLE, 11 Jul 86).. 44

- MALAYA Editorial on Aquino 'Indecisiveness' 44
- Chronicle Views Aquino Response, Editorial 45

'Nationalistas' Assail 'Revolutionary Government'
(THE MANILA EVENING POST, 8 Jul 86)...................... 47

CPP Petition Campaign Against Enrile, Ramos Reported
(Jesus Bigornia; MANILA BULLETIN, 10 Jul 86)............. 48

Southern Tagalog NPA Command Issues Statement on Attacks
(MANILA BULLETIN, 8 Jul 86)................................ 49

Pressures on Aquino To Adopt Tougher Stance on Rebels Viewed
(Editorial; ANG PAHAYAGANG MALAYA, 12 Jul 86)............ 51

Columnist Comments on 'Lull' in Ceasefire Talks
(Jesus Bigornia; MANILA BULLETIN, 13 Jul 86)............. 53

Columnist Examines Rebels' Propaganda Successes
(Francisco S. Tated; NEW DAY, 14 Jul 86)................. 54

Ople Suggests Formation of Mindanao Council
(THE NEW PHILIPPINES DAILY EXPRESS, 14 Jul 86)........... 56

Committee To Examine Political Problem of Mindanao
(BUSINESS DAY, 17 Jul 86)................................ 57

Opposition Paper on Laurel Failure To Secure Investments
(Editorial; THE MANILA EVENING POST, 18 Jul 86).......... 59

Aquino Accuses Businessmen of Lacking Commitment
(AFP, 21 Jul 86)... 61

World Bank Agrees To Cofinance $400 Million
(Eleazar Lopez; THE NEWS HERALD, 18 Jul 86).............. 63

Government To Stress Growth in Talks With IMF
(Daniel C. Yu; BUSINESS DAY, 14 Jul 86).................. 65

Agency Postpones 'Mothballing' Sugar Mills
(Rose de la Cruz; THE NEW PHILIPPINES DAILY EXPRESS,
19 Jul 86)... 67

Briefs
- Robberies Probed 68
- Nacionalistas Want Elections 68
- Police Action Against Negros 68
- Enrile Claims Aquino Backing 69
- Mindanao 'Lost Command' Surrenders 69
- Pimentel on Election Problems 69

THAILAND

Prem Orders Close Watch on Commercial Banks
(Chuphong Maninoi; BANGKOK POST, 14 Jul 86).............. 70

Ex-CPT Member Views Political Parties' Campaign
(THE NATION, 10 Jul 86).................................. 72

Labor Leaders Split on Political Involvement
(THE NATION, 7 Jul 86)................................... 73

SUA's Border Village Attack Reported
(BANGKOK WORLD, 10, 11 Jul 86)........................... 74

Khun Sa Troops Warned To Pull Out 74
Forces Leave, Villagers Return 75

Over 500 Karens Flee From Burmese Attack
(BANGKOK WORLD, 12 Jul 86)............................... 76

VIETNAM

INTERNATIONAL RELATIONS, TRADE, AND AID

Condolences Received on Death of Le Duan
(VNA, 19-21 Jul 86)...................................... 77

Messages From European, Other Communists 77
More Condolences From Foreign Leaders 77
Foreign Organizations, Officials 78

Truong Chinh Congratulated by PRK's Heng Samrin
(Hanoi International Service, 16 Jul 86)................. 79

NHAN DAN Exalts Nicaraguan Revolution
(VNA, 19 Jul 86)... 80

Leaders Greet Husayn on Iraqi-National Day
(VNA, 16 Jul 86)... 81

Briefs

Economic Delegation in Havana 82
Tribute to Lao Leader 82
Cooperation With MPR 82
French National Day Reception 82
Soviet Official Lectures 83
Talk Held on Nicaraguan Situation 83
Bridges in Laos 83
Outgoing Japanese Envoy 83
New Bulgarian Ambassador 83
Romanian Ambassador Received 84
CPV Members at PZPR News Conference 84
Heng Samrin Congratulations 84
Finnish Envoy Says Farewell 84
Japanese, Finnish Envoys 84
Outgoing Italian Ambassador 85
Polish Poster Exhibition Opens 85
Heng Samrin Departs After Le Duan Funeral 85
Daily on Commonwealth Games Boycott 85

PARTY ACTIVITIES AND GOVERNMENT

Removal of Incapable Cadres, Opportunists Suggested
(Ho Minh Quang, Hong Minh; SAIGON GIAI PHONG, 23 Apr 86) 86

Opportunism, Individualism Seen Hampering Party Progress
(Nguyen Phuc An; NHAN DAN, 13 May 86) 88

Dialogue Said Essential in Search for Truth
(Tran Dinh Van; DAI DOAN KET, 4 Jun 86) 92

ECONOMIC PLANNING, TRADE, AND FINANCE

State Stores Makes Profits by Hiking Prices
(Thieu Mai; LAO DONG, 22 May 86) 97

AGRICULTURE

Agricultural Activities Reviewed on 1-10 July Period
(Hanoi Domestic Service, 10 Jul 86) 101

Expansion of High-Yield Rice Acreage Reported
(VNA, 20 Jul 86) 103

Briefs
Workshop on Agricultural Broadcasting 104

/12223

PHILIPPINES

ILLEGAL SALE OF TRAVEL DOCUMENTS TO PRC NATIONALS PROBED

HK211045 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 10

[By Rey Arquiza]

[Text] Officials and employees posted at the Philippine embassy in Beijing and four consulates in the United States face investigation in connection with the illegal sale of travel documents to Chinese nationals.

Foreign Affairs Deputy Minister Jose D. Ingles yesterday ordered an investigation into the irregularity allegedly involving foreign minister personnel at the Philippine embassy in Beijing and consulates in San Francisco, San Diego, Los Angeles and Arizona.

The sale of travel documents to Chinese nationals at the Philippine embassy in Beijing was confirmed the other day by top officials of the Commission on Immigration and Deportation. The CID also discovered the proliferation of fake entry visas issued from China.

The sale of travel documents to Chinese nationals in the U.S. is allegedly run by a syndicate involving Philippine consulate officials and employees. The syndicate has reportedly been selling travel documents for a fat fee of $5,000 for each Chinese national.

The Philippines restricts the entry of Chinese nationals because they easily assume the status of permanent residents by taking the identity of a decreased Filipino of Chinese descent.

The Chinese nationals reportedly fly all the way to the U.S. just to secure entry visas to Manila.

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CSO: 4200/1234

OPLE URGES AQUINO TO CANCEL U.S. TRIP OVER BASES ISSUE

HK210648 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 19 Jul 86 pp 1, 2

[Text] Former Labor Minister Blas F. Ople yesterday urged President Aquino to cancel her scheduled trip to the United States because of a decision in a Constitutional Commission [Con-Com] Committee to terminate the U.S. bases agreement in 1991.

I'm afraid the President's options have been overtaken," Ople told the weekly public forum of the Manila Overseas Press Club [MOPC].

The Con-Com Committee on National Territory and declaration of Principles voted 7-2 against the retention of the U.S. bases.

In another forum, at the Intercontinental Hotel, former Lanao del Sur Gov. Ali Dimaporo said he and his followers in Mindanao will campaign for rejection of the new Constitution if it does not carry a provision for bases retention.

Ople, Political Affairs Minister Antonio Cuenco, and former Information Minister Francisco Tatad discussed problems facing the Aquino administration in the MOPC-hosted "No Holds Barred" forum.

Ople said much of the instability in the new regime is caused by the existence of an autonomous government within the government." [no opening quotes as published] He said one symptom of government instability was shown in the Manila Hotel takeover last week by elements loyal to deposed President Marcos.

"There is reason for much concern when major troop movements can happen without the President's knowledge, and the defense minister not taking any counter measure," Ople said.

Asked on his assessment of the new government's performance, Ople replied that "from the opposition point of view, I cannot complain," drawing laughter from the audience.

Ople, who leads the opposition in the Con-Com, tried to avoid making any comment on how Labor Minister Augusto Sanchez was faring. He said, however, that "government labor policies can stand improvement." He maintained that the PCGG [Presidential Commission on Good Government] has been transgressing on the Bill of Rights, which, he said, should be checked by transferring sequestration powers to the courts.

Ople noted that another cause of government instability, apart from the replacement of local officials with misfits, is the "casual appointment of justices and judges who can be replaced anytime. [no closing quotes as published]

Tatad indicated that much of the problems causing the government is the placing of men in the Cabinet "who are not heavyweights."

He reported on the outcome of a conference of top business executives who, he said, were one in saying that the PCGG moves have jeopardized the country's business climate.

Cuenco admitted that some OIC [Officer in Charge] appointments in local governments were wrong, but added that Minister Pimentel "has been striving to correct them." He disagreed with Ople and Tatad on government stability, saying that "the country is now moving towards economic recovery."

Like Ople, Dimaporo insisted on submitting President Aquino to new elections." [no opening quotes as published]

"We will campaign for the new charter's disapproval if it carries provisions objectionable to the people, like allowing President Aquino to enjoy a six-year term during the transition," Dimaporo said. "Election is the only solution to the political and economic problems facing the nation," he added.

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REPORTAGE ON PDP-LABAN ANNUAL CONVENTION

Requests Legalization of Communists

HK021551 Manila THE MANILA EVENING POST in English 1 Jul 86 pp 1,3

[Text] The political party which converted President Corazon Aquino from a plain homebody to a prominent political figure has officially adopted a resolution urging the new government to open its door to communism.

In its annual convention held over the weekend at the Ateneo de Davao in Davao City, the Partido Demokratiko Pilipino-Lakas ng Bayan (PDP-LABAN) voted 60-40 in favor of a bid to legalize the Communist Party of the Philippines (CPP).

The resolution, which will be sent to the Constitutional Commission (Con-Com) this week, has made it a condition to the outlawed CPP to renounce its policy of armed struggle and respect the law of the land under a pluralist system.

Despite the condition, many PDP-LABAN delegates from Metro Manila headed by Metro Manila Gov Joey Lina, Jr. had urged firmly against the CPP support bid, but lost during the voting.

The Metro Manila delegates claimed the PDP-LABAN convention had been infiltrated by hardcore leftists responsible for the passing of the CPP legalization bid and several other anti-imperialist resolutions.

Observers in the convention told THE MANILA EVENING POST this morning that the controversial resolution might affect the loan negotiations between the Philippines and some anti-communist countries like the United States. They said the PDP-LABAN resolution expressing support to legalize the CPP would inject considerable influence to the Con-Com members drafting the new Charter. "Many Con-Com members, in fact, belong to the PDP-LABAN," the observers said.

Aside from the CPP legalization bid, the party in power also officially adopted other resolutions protesting U.S. influence in the country. The resolutions include a call for a selective and controlled import policy of the new government against the U.S.-suggested import liberalization policy and a support for the ceasefire call of President Aquino.

Meanwhile, the Kilusang ng mga Demokratikong Pilipino (KDP) [Philippine Democrats Movement] has sought the ouster of former Labor Minister Blas F. Ople from the Con-Com.

Roberto G. Brillante, KDP secretary general, said Ople is retarding the progress of the Con-Com and sabotaging the time frame set by President Aquino to draft the Constitution, by digging into matters not only irrelevant but also beyond the scope of Charter-making.

Resolution No. 129 filed by opposition Con-Com members Ople, Rustico de los Reyes, Regalado Maambong, and Teodulo Natividad, proposing the termination of the Presidential Commission on Good Government's (PCGG) sequestration powers upon the ratification of the Constitution, is merely one medium which delays the making of the Constitution, Brillante said.

"It is the legislative body, not the Con-Com, that should deliberate and decide whether or not to clip the powers of PCGG, or of the legality and consequences of sequestration," Brillante said.

Launches Recruitment Program

HK020149 Manila THE NEW PHILIPPINES DAILY EXPENSES in English 1 Jul 86 p 6

[By F.V. Maragay]

[Text] The PDP-LABAN [Pilipino Democratic Party-Lqakas ng Bayan] has lifted its self-imposed freeze on the recruitment of party members as it launched an ambitious expansion program aimed at organizing more local chapters all over the country.

The PDP-LABAN headquarters sources said the party approved a new curriculum for training new members during its national convention held on 28-29 June in Davao City. The approval of the curriculum will pave the way for the resumption of seminars which prospective members have to undergo before being drafted into the party. The membership expansion campaigning is seen as part of the effort to prepare the party for the local elections which may be held in March this year.

A top UNIDO [United Nationalist Democratic Organization] official said the PDP-LABAN is only formalizing the acceptance of politicians who have been silently working for the party, many of whom have been designated to various local government posts by Local Government Minister Aquilino Pimentel Jr., who is acknowledged as the foremost PDP-LABAN leader.

The sources said that during its convention, the party arrived at a decision to oppose the holding of a local election this year because this would be "premature and inadvisable."

The consensus of party leaders was that the system and structure of the government should first be determined under the new Constitution before any election can be held. If the election is held this year, the sources explained, the elected local officials run the risk of having an uncertain term because the structure of the local government units may be modified by the new Constitution. In fact, they said, the Constitutional Commission is looking into the possibility of adopting a federal system of government which may give birth to autonomous regional government units but may lead to the phaseout of the provinces.

The sources said the PDP-LABAN members ratified during their convention the stand of the party's national council opposing the merger with the UNIDO and other pro-administration political parties.

The PDP-LABAN has fundamental ideological differences with the UNIDO making any fusion between the two impossible, the sources said. Besides, they added, the PDP-LABAN is for the preservation of the multi-party system wherein each party will have its own identity and platform of government. This will prevent the repetition of the errors in the past Marcos regime wherein the emergence of the Kilusang Bagong Lipunan as an umbrella political organization caused the demise or emasculation of parties affiliated to it, the sources said.

During the convention, the PDP-LABAN National Youth Organization [NYO] passed a resolution calling for the adoption of a non-aligned foreign to [as published] shield the country from being drawn into superpower rivalry.

Corollary to this, the party's youth arm sought the dismantling of American military bases in the country and the declaration of the country as a nuclear-free zone.

The NYO of the PDP-LABAN also urged the incorporation of the following provisions in the new Constitution: adoption of a federal system of government, compulsory free education for all citizens, promotion of stewardship and profit-sharing in economic enterprises, strengthening of cooperative movement, spreading of domestic credit resources and adoption of a Filipino-first policy and nationalist industrialization.

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GOVERNMENT REORGANIZATION SAID TO RAISE UNEMPLOYMENT

HK210800 Manila THE MANILA CHRONICLE in English 19 Jul 86 pp 1, 6

[By Ray S. Enano]

[Text] The planned reorganization of government could result in the layoff of 497,000 employees, which, along with new entrants to the labor force, would swell the ranks of the unemployed by 1.58 million, government sources have disclosed.

Those facing layoff are 10,000 employees at the Philippine National Bank [PNB] and the Development Bank of the Philippines [DBP]; 70,000 in other state-owned corporations; and 417 employees in the bureaucracy considered "unnecessary."

The Presidential Commission on Government Reorganization headed by Minister Luis Villafuerte will submit its reorganization plan to the Cabinet next Wednesday. It is expected to recommend, among others, the streamlining of the bureaucracy.

Reduced government participation in the DBP and the PNB would cause a workforce reduction of two-thirds of their combined employment of 15,000.

The sources said that with the government plan to merge, rehabilitate or sell 34 corporations and close down 129 of the 248 government-owned corporations under a general reorganization plan, some 70,000 more employees would lose their present jobs.

The unemployment resulting from the reorganization would compound government problems. But the present overstaffed public service at national and local levels is also an added financial burden to a government already strapped for finances. Thus, about 417,000 government employees considered "unnecessary" will have to go.

Official figures provided by CHRONICLE sources show that current unemployment stands at 4 million while new entrants into the labor force are estimated at 1.09 million. This would mean that, together with those in government who could be fired, the unemployed could increase by 1.58 million.

The Government expects that only a million new jobs will be created in the next 18 months. The Government appears bent on carrying out a "growth-oriented" economic program anchored on a deficit spending of P27 billion this year.

The revised 1986 budget, now being discussed with a staff mission of the International Monetary Fund (IMF), has programmed an expenditure reallocation of P8.7 billion to prime the economy. The Government wants to allocate the bulk of this adjusted spending to the rural sector where many are unemployed.

Economic Planning Minister Solita Monsod said the economy had to achieve growth to create employment and revive the economy. Imports have to grow to bring in the desired level of raw materials required by local factories and exporters, she said.

Finance Minister Jaime Ongpin, on the other hand, has said increased levels of public expenditures from P22 billion in 1985 to P36 billion in 1986 would "stimulate demand through job-creation schemes focused on the agricultural sector and the rural areas." He said that by channeling more income to the countryside would increase consumer purchasing power and create the "demand pull" needed to spur production. [sentence as published]

Increased production would, in turn, "start the chain reaction that will lead to sustained economic growth and recovery for the balance of this year and beyond."

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CSO: 4200/1234

REPORTAGE ON ACTIVITIES OF GOOD GOVERNMENT COMMISSION

'Political Pressure' Threatens Efforts

HK190903 Manila THE NEWS HERALD in English 18 Jul 86 pp 1, 2

[By Vic Sollorano]

[Excerpt] Political pressure is threatening to derail the government's efforts to recover the wealth stolen from the Filipino people by deposed President Marcos and his cronies.

This was discovered yesterday by ex-Senator Jovito R. Salonga, chairman of the Presidential Commission on Good Government (PCGG) which is trying to recover the Marcos loot. He made the disclosure before the Constitutional Commission's Committee on transitory provisions and amendments.

Salonga said some of Marcos' closet cronies are on the "point of unloading" their hidden wealth in favor of the Aquino government. Continuous adverse publicity against PCGG, that it deprives suspect holders of ill-gotten wealth of due process, can wreck the whole negotiations, Salonga warned. He said that clipping the powers of the commission to go after the ill-gotten wealth may set off a world-wide trend, and the Philippines can lose the cooperation of foreign governments.

The Philippines, through the PCGG, is presently negotiating with Australian, U.S., British, Panamanian, Swiss, Benelux states, and other foreign governments for the return of assets invested by Marcos, his relatives and dummies.

In this regard, Salonga posed the question: "Why should these foreign governments continue to assist us recover the hidden wealth, when there is a weakening on our part to do so?"

He also told members of the committee, before which are three resolutions seeking to clip PCGG powers to refrain from "committing the greatest mistake, the greatest crime against our people, by upholding the cause of those who remain loyal" to the fallen dictator. "What is at stake here is not merely the properties of the cronies, but the right of the Filipino people to regain the wealth of the nation salted abroad by the Marcoses," he said.

Several big cronies of Marcos had already sent feelers to the commission that they are willing to surrender ill-gotten wealth in exchange for amnesty, he said. Among them are Rolando Gapud, Roberto Benedicto, and "an old Cabinet member of the defunct Batasang Pambansa." Salonga added that this ailing politician decided to tell the truth because of his bothered conscience. He explained that Marcos and his wife, Imelda started plundering the national coffers shortly after he came into power in the late 1960s, based on evidence gathered by PCGG.

In 1970, Marcos began salting dollars, gold and silver in Swiss banks. He used the name William Somners for the Swiss bank accounts, while Imelda went by the name of Jane Ryan for the same purpose, Salonga said. The recourse, a martial law declaration was in order for marcos and his wife to continue their plunder of the national coffers, he added.

Salonga said he can resign anytime he wants to as PCGG chairman but stressed that unwarranted pressure from politicians and private individuals whose vested interests have been hurt by the sequestration powers of the commission would derail efforts to recover the people's stolen wealth.

Chairman Salonga appealed yesterday to the Constitutional Commission [Con-com] to scrap in the Bill of Rights provisions that would clip PCGG powers to sequester or seize ill-gotten wealth acquired during the past regime.

"The Con-Com should be careful in its desire to restore due process because it may be committing a bigger crime against the Filipino people who own the sequestered property and monies," Salonga told the committee on transitory provisions and amendments headed by member Jose Suarez.

Salonga said that if the PCGG would be required to go to the court to petition for sequestration of ill-gotten wealth, and would, in the process, have to follow the usual procedure of presenting evidence and cause, persons whose properties are intended to be sequestered would have sufficient time to transfer these properties and bank accounts. This, he said, would affect the pledge made by the administration to recover quickly all ill-gotten wealth acquired by President Marcos, his wife and relatives and his cronies.

Members Joaquin Bernas, S.J. Felicitas Aquino, Blas F. Ople, Rustico de los Reyes, Regalado Maambong and Teodulo Natividad had proposed to restore to the courts the right to sequester properties after ratification of the new constitution.

Sequestered Firms Billed for Expenses

HK210639 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 19 Jul 86 pp 1, 7

[By Rodolfo V. Brul]

[Text] The Presidential Commission on Good Government [PCGG] is "billing" three sequestered firms allegedly owned by Marcos cronies some P300,000 monthly for expenses incurred by its five-man task force. This surfaced in a 28 May letter from PCGG Commissioner Ramon Diaz asking the president, chief operating officer or managing agents of the Floirendo group of companies, the Cojuangco group of companies, and the Coco Oil Mills group to disburse from their funds monthly expenses incurred by a task force headed by lawyer Dionisio dela Serna.

Dela Serna heads a five-man task force assigned in the Mindanao area where most of the Cojuangco and the Floirendo firms are situated. The other members include lawyer Dario Rama, Luis Lorenzo Jr., Paul Dominguez, and Luis Bongyyan.

A PCGG list indicating Antonio Floirendo, a close Marcos business associate, as suspected beneficial owner shows that his sequestered firms total 37 while those of Eduardo Cojuangco Jr., 16.

"The commission has authorized our task force headed by Atty Dionisio dela Serna to draw monthly expenses from your respective companies," Diaz said in the letter. He specified the approved monthly expenses as: Floirendo group of companies, P110,500; Cojuangco group of companies, P112,500; and the Coco Oil Mills group, P116,000.

The letter specified that the amounts should be made monthly "from your respective resources."

Apparently acting on Diaz' letter, Dela Serna wrote on 26 June to J.B. Benico, manager-in-charge, and Edcel Soriano, corporate secretary of the Coconut Oil Mills, advising both that "in consonance with the approved budgetary allocations, the total payroll of our members and personnel spread out nationwide for the month of April is P130,000, and for the month of May P160,000."

Dela Serna said "the task force will draw expenses from the resources of the 34 sequestered firms (now 51, but nine are inactive.)" "These payroll requirements are to be divided as proportionately as possible to all the firms involved," he said. The share of the Coconut Oil Mills group, he said, is placed at P43,333.33 for April, and P53,333.33 for May.

Dela Serna ended his letter saying: "We hope that your remittance of the above amounts will be forthcoming soon."

The PCGG has been alloted a total of P50 million budget under Section 5 of President Aquino's Executive Order No. 1 which created the (former Sen. Jovito) Salonga Commission.

Benico and Soriano could not immediately be reached for comments.

Commissioner Diaz could not be reached for comment either. Reporters could not pass through the commission's cordon sanitaire.

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KBL LEADERS CRITICIZE PIMENTEL, OIC'S

HK150601 Manila MANILA BULLETIN In English 14 Jul 86 pp 1, 12

[By E.T. Suarez]

[Text] Local Government Minister Aquilino Q. Pimentel Jr. was chided yesterday for making an "early excuse" in case the new constitution is not ratified by the people.

Reacting to the charge of Pimentel that Kilusang Bagong Lipunan (KBL) officials who were replaced by officers-in-charge are campaigning for the non-ratification of the proposed constitution, KBL provincial and city leaders said "Pimentel anticipates this early that the new charter will not be ratified because it does not represent the true will and sentiment of the people."

The KBL leaders--former Zambales Gov. Vicente Magsaysay, Negros Or. Gov. Lorenzo Teves, Cabanatuan Mayor Honorato Perez, MP Abdullah Dimaporo, Con-Com [Constitutional Commission] Delegate and Assemblyman Pedro Exmundo, MP Rogel'o Quiambao, Barangay Leader Nora Petines, KBL Deputy Chief Legal Counsel Tranquilino O. Calo, Misamis Or. Vice Gov. Rufus V. Rodriguez and Felizardo N. Torralba--said Pimentel cannot expect the people to ratify the new constitution because it is being formulated by elitist appointees mostly representing only Metro Manila.

"The mere appointment of Con-Com members prevented the people from directly sharing responsibility in the framing of the new charter, and was done in stark violation of Mrs. Aquino's campaign pledge to govern by consultation and not by dictation," they said.

They warned that if the Con-Com will be used to legitimize or prolong the tenure of those who were installed to leadership in a revolutionary government, the more people will be disenchanted with the Aquino regime.

Meanwhile, a survey conducted by the Ministry of Local Government (MLG) allegedly showed that provincial and city OIC's, are in favor of holding the local elections early next year.

MLG reported that of the 66 provincial and city OIC's, 64 wanted the elections to be held next year.

"No fewer than 41 OIC's preferred the polls to be conducted early next year while five wanted it mid-1987 and next year," MLG said. "Only eight opted for late 1987."

Only one provincial OIC allegedly favored the holding of elections this November, MLG said.

/12913
CSO: 4200/1234

PIMENTEL DEFENDS USE OF PROBLEMS BESETTING OIC'S

HK200350 Manila MANILA BULLETIN in English 18 Jul 86 p 5

[By Correspondent E.T. Suarez]

[Text] Local Governments Minister Aquino Q. Pimentel Jr. denied reports that he has been building up a strong political base to bolster his presidential ambition through the appointment of provincial, city and municipal officers-in-charge (OIC's) belonging to his party.

Answering a question at the weekly breakfast forum of the Public Relations Society of the Philippines (PRSP), Pimentel said whether or not he is going to run for President will depend on his party, the PDP [Pilipino Democratic Party]-LABAN, which will hold a convention to pick its presidential and vice presidential candidates when the proper time comes.

Pimentel said PDP-LABAN decides political matters in a democratic manner. He said whatever is the will of the majority guides the party decision. He denied categorically that most of the appointed OIC's belong to the PDP-LABAN. He said only a small percentage of the country's provincial, city and municipal OIC's belongs to PDP-LABAN.

"Other OIC's belong to UNIDO, Liberal Party, Nacionalista Party, and other opposition parties that helped topple the Marcos dictatorship," Pimentel said.

The minister said OIC's replaced the KBL mayors not just for the purpose of beefing up one's political stock but to fill up a gap in the government and to carry out the policies of the Aquino government on the grassroots level.

Pimentel stressed that the OIC's are beset with problems, such as lack of money and lack of time to prove their mettle in public service. He said with barely five months before the expected elections for local officials in March next year, OIC's are in a difficult time since they have no money to initiate projects. "This is the reason why I will request President Aquino to let the OIC's stay put instead of making them resign 90 days prior to the holding of local elections early next year," Pimentel said. He said since the OIC's are likely to be opposed by those they had replaced, the newly installed officials vying to run for public office must be given a fighting chance in the elections.

Asked when KBL Vice Mayor Steve Sarino of Quezon City will be replaced by an OIC, Pimentel said the new appointee will be announced anytime now. He said there are many aspirants for the position whose qualifications and integrity are now being studied. "Once we are through studying the qualifications of the aspirants, we will announce the new vice mayor of Quezon City," Pimentel said.

/12913
CSO: 4200/1234

MALAYA EDITORIAL SAYS PIMENTEL 'VINDICATED' ON OIC'S

HK200009 Quezon City ANG PAHAYAGANG MALAYA in English 13 Jul 86 p 4

[Editorial: "Pimentel's Point"]

[Text] This observation may come a little bit late, but we believe it's still worth pondering. Some observers of the political scene point out the fact that, despite all the flak received by Local Governments Minister Aquilino Pimentel, his singular campaign to "dismantle the Marcos machinery at the local levels" had its merits, after all.

Have we stopped to think what would have happened if the controversial minister--backed up by President Aquino herself--had backed down in his bid to drive away from their posts the incumbent local officials, most of whom were die-hard Marcos partisans who benefited immensely from the deposed ruler's political largess?

What would have happened if, while the Tolentino Comic Opera was unfolding last Sunday, pro-Marcos local officials sent truckloads of "bought" civilians in true "hakot [herding]" fashion to serve as the buffer for the few hundred troopers surrounding the Manila Hotel? Would it have precipitated the same crisis that brought the Marcos government to its knees last February? Given the immense funding of the loyalist group, it would have been easy to ferry thousands of civilians to the hotel and feed them for several days. Now, that would have given Mrs. Aquino a headache.

Would the die-hard Marcos men in the local governments, especially in Metro Manila, not have supported that coup attempt?

Indeed, one finds it hard to imagine what sort of confusion could have been triggered by these ex-local officials if they were still occupying the posts to which their terms expired last 3 March.

It is only now, after seeing how so much tolerance of men like Tolentino, Recto, et al could be dangerous too, that it is easier to appreciate the candor of Minister Pimentel when he admitted that the appointment of OIC's [officer-in-charge] was meant to destroy the Marcos machine and build a strong political base for President Aquino's government. We, of course, do not condone here the mess that arose out of such OIC business in some areas, but on the whole, Pimentel has been vindicated by the situation.

/12913
CSO: 4200/1234

EDITORIAL LAUDS LIFTING OF MARCOS DECREE

HK210616 Manila THE NEWS HERALD in English 19 Jul 86 p 4

[Editorial: "Aquino Stresses Free Expression"]

[Text] The Aquino administration, which prides itself on having restored democracy in the country, has repealed Presidential Decree 33 [PD 33] which it said was "a repressive instrument against freedom of expression."

It said the decree issued "purportedly to curb the alleged campaign of vilification against the political institutions of our country, was in fact a measure that abridged the freedom of expression of our people."

President Aquino has not a few times iterated her belief in freedom of expression in word and in deed. She has allowed media to return to their freewheeling days asking only that the purveyors of news and opinion be fair and responsible. There has been plenty of cutting criticism against her administration, even of her kind of leadership and particular official acts, but she has never resorted to curtailing free expression in media.

Freedom of expression is one of the pillars of democracy, necessary for its life and strength. Mrs Aquino knows that declaring a nation a democracy does not make it one if any of the rights guaranteed by the system is denied the people.

So far there is every reason to expect the Aquino government of living up to its commitment to freedom. (The loyalists, of course, would have a different opinion.) Mrs Aquino only bristles at sketchy information reported as facts about, for example, rifts in her government, but apart from chiding the press for its enterprise reporting, she has not clamped martial law on this country, closed or seized media establishments and imposed censorship to keep the press in line.

There was actually no pressing need to invalidate PD33 which penalized the production and possession of materials and the writing of graffiti that would undermine the integrity or stability of the government. The absence of martial law, the repeal of the National Security Code, and the decree's inconsistency with Aquino's Proclamation 3, which promulgated the Freedom Constitution, in effect made the Marcos decree invalid. But the President repealed it just the same to emphasize the country's return to democracy on her avowed policy of free expression.

It is a move consistent with the Filipino people's love for freedom not power, foreign or native, ever succeeded in completely squelching.

/12913
CSO: 4200/1234

PURGE OF MARCOS IMPRINT ON SCHOOL BOOKS PLANNED

HK190516 Manila THE MANILA CHRONICLE in English 30 Jun 86 p 1

[By Staff Member Tess Villanueva]

[Text] "Demarcosify" is a high-sounding word. For education officials, it also is a tall order.

Today, there are 68 million textbooks for pupils in grades one to six, and most of them carry, in blatant or subtle ways, the propaganda work of the "Hero from the North."

Authorities now face the challenge of purging these books and other materials that tend to confuse and even miseducate the country's youth. Take, for example, ANG PILIPINO at any Kanyang Pamahalaan, [the Filipino and his government] a social-studies textbook for grade five. One whole chapter is devoted to Marcos and the achievement of his New Society. The chapter extols the old regime's "success" in its peace and order efforts and raising the prices of Philippine exports. It also cites the "progress" brought about by the government's infrastructure projects.

The book also has a picture of the Miss Universe contest held here in 1974, praising the pageant as a boost to the tourism industry.

'ANG PILIPINAS SA KANYANG PAG-UNLAD, a social-studies textbook for grade five, bears on page 142 a picture of the former President's wife, Imelda. She is with a malnourished child. The caption reads "I need your help."

The text accompanying the picture has this first sentence: "Ang Unang Ginang ay nagsimula ng pambansang Kilusan upang Masugpo ang malnutrition sa Pilipinas." [the first lady launched a national movement to eradicate malnutrition in the Philippines]

Another book, 'MASAYANG KAPALIGIRAN, [Happy Environment] a Pilipino text-book for grade four, contains the poem "Sa Baya'sy Isang Ina, Imelda Marcos. [A mother to the country, Imelda Marcos]" The poem compares Imelda to Queen Ester of Persia, calling her the savior of the nation.

But getting rid of these propaganda materials is not easy. With the education ministry saddled with budgetary constraints, it does not have the money to throw away all these books and replace them with new ones. Instead, a cheaper but perhaps less effective way of coping with the problem has been devised: interim teachers' ITGS [words indistinct] were printed and will be distributed to elementary teachers by mid-July.

The ITGS are supposed to instruct teachers on how to explain or replace materials that deal with Marcos; to point out obsolete data and to promote the "values education" that is the focus of the new education ministry.

The ITGS, however, do not prevent children from being exposed to Marcos' propaganda, since they bring home the books and at home the teacher is not there to point out the books' flaws.

Education Minister Lourdes Quisumbing said half in just that perhaps the book shortage was a blessing in disguise, for it prevented the Marcos propaganda contained in the textbooks from reaching so many students.

For the next two years, however, students will have to make do with these books. According to the Instructional Materials Corp., printer of textbooks, it will take until 1988 to finally replace all the elementary books with new "sanitized" copies.

Minerva de Jesus, IMC editorial department chief, explained that books normally last for four years, and the propaganda books in the field have two years to go before they are replaced with new ones. The textbooks for high school will have to wait a little longer. They have not been reviewed as yet, de Jesus said.

Aside from the textbooks, portraits of the Amrcoes are hung in public school classrooms.

/12913
CSO: 4200/1234

COMMISSION ENDS AQUINO TRIAL INVESTIGATION

OW161331 Tokyo KYODO in English 0925 GMT 16 Jul 86

[Text] Manila, 16 July KYODO--A Philippine fact-finding commission wound up its investigation of an alleged mistrial in the Benigno Aquino murder case Wednesday.

The Commission was created by the Supreme Court to investigate charges that deposed President Ferdinand Marcos ordered trial court to stage a mock trail and clear former armed forces chief General Fabian Ver and 25 others linked to Aquino's murder more than two years ago.

Commission Chairman Conrado Vasquez told reporters that the three-member body will submit their report to the Supreme Court on 31 July. He said the report will "aid the Supreme Court in deciding whether or not there was a mistrial. [no end quotation marks as received]

Aquino, husband of President Corazon Aquino, was shot dead on 21 August 1983 at Manila Airport on his return from self-exile in the United States. His alleged communist-hired assassin, Rolando Galman, was killed by soldiers providing security for the opposition leader.

The trial court last December acquitted Ver, 24 other military officers and men, and a civilian after 11 months of trial. It rejected an inquiry board's findings that the accused were involved in a military conspiracy to assassinate Marcos' chief political rival.

At least 30 people, including the family of Galman, petitioned the Supreme Court to declare a mistrial and to reopen the case shortly before the decision was handed down.

The Commission, which opened it hearings last month, heard the testimonies of nine people including Deputy Ombudsman Manuel Herrera who claimed that Marcos ordered the trial court and the prosecution panel to stage a mock trial.

/12913
CSO: 4200/1234

COLUMNIST REVIEWS SURVEY ON AQUINO GOVERNMENT

HK190853 Quezon City BUSINESS DAY in English 18 Jul 86 p 4

["Here and Now" column by Francisco S. Tatad: "A First Report"]

[Text] Ateneo University and Social Weather Stations have just conducted a national public opinion survey on the Aquino government, which will be presented today at the Bishops-Businessmen's Conference [BBC] for Human development.

The report holds no surprises. Unlike last year's BBC survey whose 44 percent satisfaction rating for Ferdinand (and 50 percent for Imelda) Marcos angered many readers, this one shows nothing to send anyone's blood pressure up. Sixty percent say they are satisfied with President Aquino; only 7 percent say they are dissatisfied.

Sixty-four percent approve the "confiscation" of Marcos' hidden wealth; 55 percent favor the freezing of Marcos-crony properties. Forty-three percent are for the replacement of mayors and governors with OIC's [Officers in Charge], 31 percent are against. Thirty-seven percent favor the release of detained communist leaders, 34 percent are against.

In 1985, 74 percent considered themselves poor. This year, only 66 percent do. Only 46 percent say people are afraid of being robbed in the streets, as against last year's 48 percent; only 52 percent are afraid of break-ins, as against last year's 54 percent.

Sixty-three percent claim they voted for Aquino; an unusually high 27 percent admit having voted for Marcos. Yet, 67 percent credit "people power" as the source of the President's legitimacy. Only 14 percent attribute it to Cory Aquino being the real winner in the February election; 6 percent to the support of the Catholic Church; 6 percent to the support of the pro-people military; and 4 percent to the support of the United States.

Fifty-four percent say the government is credible: 6 percent disagree. The Cabinet has a high satisfaction rating, from the best known to the least known of its individual members. Of the 95 percent who have heard of Vice President Laurel, 82 percent are satisfied with his appointment as foreign minister. Of the 94 percent who have heard of Minister Juan Ponce Enrile, 81 percent are satisfied with his appointment (this was before the Manila Hotel incident).

Of the 90 percent who have heard of General Fidel Ramos, 83 percent are satisfied with him--the highest satisfaction rating scored in the survey.

Of the least known, 15 percent have heard of Agrarian Reform Minister Alvarez, and of this number, 69 percent approve of his appointment. Of the 16 percent who have heard of Planning Minister Monsod, 76 percent are satisfied with her appointment.

Even the least liked still has a majority rating. Of Minister Aquilino Pimentel, 58 percent are satisfied with his appointment--the lowest satisfaction rating of all the ministers.

Sixty-four percent think the 1973 Constitution should be changed; 52 percent think the size of the Constitutional Commission is just right; 70 percent think local elections should wait for the drafting of the new Constitution; but 86 percent believe the Con-Com members should have been elected, not appointed.

Thirty-six percent think some high military officials may want to grab political power. But 55 percent are confident the new AFP [Armed Forces of the Philippines] will be loyal and obedient to the Aquino government. Forty-five percent say it's probable the government might be overly influenced by the military; 46 percent think not.

The communist seem to have lost popular ground. Although 38 percent say the NPA network is widespread in their respective areas, as against last year's 28 percent, 65 percent think it is not probable for people's support for the communists to increase; only 25 percent say it is probable. Sixty-one percent think it is not probable for the communists to influence or dominate the administration; only 29 percent say it is. Those against legalization of the Communist Party have grown from last year's 44 percent to 54 percent, while those in favor have also increased from 20 percent to 22 percent.

Despite the clergy's high visibility at Namfrel during the elections and on EDSA [Epifano de los Santos Avenue] during the February rebellion, 45 percent think no personnel of any church should get involved in working for clean and free elections, as against last year's 39 percent; 49 percent think no personnel of any church should support any candidate in an election, as against last year's 43 percent. Forty percent think no personnel of any church should get involved in the struggle of the oppressed, as against last year's 38 percent. Here, however, an equal 40 percent think they should get involved.

The biggest loser, however, is Marcos. While 54 percent perceive him as a brave President, 50 percent think he's a deceiver and liar; 51 percent think he's a thief of the nation's wealth; 54 percent, a defender of foreign interests. Sixty-five percent do not want him to return 1) because he will destroy the government, (say 54 percent); 2) because he will cause trouble (53 percent); 3) because he is safer abroad (35 percent); and 4) because many will be afraid to tell the truth (20 percent).

After the Aquino government, the biggest winner appears to be the United States. Fifty-six percent think "most of what the U.S. government wants to happen in the Philippines is good for the Filipinos"--up by 5 percent from last year's 51 percent. A full 50 percent now think the military bases should be kept or tolerated--up by 7 percent from last year's 43 percent.

/12913
CSO: 4200/1234

MALAYA COLUMNIST VIEWS AQUINO GOVERNMENT ILLS

HK180657 Quezon City ANG PAHAYAGANG MALAYA in English 11 Jul 86 p 4

[Column by Renato Constantino: "What Else Is New?"]

[Text] President Acquino, riding on the crest of a popular wave, promised a new administration, clean, honest, the complete opposite of the Marcos regime. While the President's image remains untarnished after nearly six months, her governmental machinery now looks a bit tired and battered and in need of a facelift so soon.

More and more, the similarities and continuities between the old and the new are showing, and even the Cory press as well as the generally sympathetic foreign press are pointing them out. These similarities exposed daily refer not to the repackaged economic policies but to practices which were rampant during the previous administration.

The President, in her frequent homilies and appeals, has vowed to eliminate corruption and nepotism. She has asked the people to bring to her attention cases of corruption and has promised to fire everyone if need be.

No one doubts her sincerity in this regard. But many wonder if something happens to an individual once he or she is elevated to the highest position of the land. Does the President occupy a lonely and isolated position in which her perceptions are the result of a filtration process because only close relatives and private advisers get her ear?

Everyday, there are unsavory reports of abuses and extravagances of task forces and OIC's [Officers in Charge] who seem to have appropriated for themselves generous allowances in positions they occupy as "volunteers." We read about the allocation of Mercedes Benzes and about Lear jets being used by energetic appointees. We read of travelling officials whose junketing may yet match those of the Marcos coteries. The impression created is that these practices have not changed, only the practitioners.

But the saddest stories are those that involve close relatives of the President. There are reports of presidential kin who already have their fingers in many pies. There are reports of close in-laws who specialize in the removal of individuals from the hold list or corporations from sequestration lists. There are reports of close relatives already quietly entrenched in corporations which formerly belonged to Marcos cronies.

These presidential relatives do not always aim high. It is whispered that the hot dog concession at a popular sports complex has been "awarded" to a close in-law. The computerization of a local government is reportedly being pushed by two competing sets of close relatives. Even the monopoly of office uniforms for certain government offices seems to have been appropriated by an in-law noted for her stylish attires. There are many more practices that relate to presidential relatives. These, it is hoped by many, are not with her knowledge or approval. Unfortunately, further escalation of such shenanigans, whether she has knowledge or not, will certainly implicate her and erode whatever moral posture she now possesses.

Despite her campaign promise of morality in leadership, not all her appointees are scandal-free. Her minister of natural resources used to be a top Marcos aide with a less than reputable image who is even now hounded by persistent rumors of logging-related anomalies. As a matter of fact, he has been charged in the Tanodbayan for questionable decisions. The finance minister admitted to having worked for many years as president of the Benguet Mining Corp., an outfit owned by Kokoy Romualdez. Her BIR [Bureau of Inland Revenue] commissioner admitted to being a front for Geronimo Velasco and director of some of the latter's many companies.

There are some unfortunate ex-future ministers and local officials who did not get their expected positions because of last minute interventions by close presidential relatives. And for favored ministers, there are rewards of multi-directorships in important public corporations or sequestered firms with emoluments that exceed the presidential salary. The same thing happened during the incumbency of Mr. Marcos, when some of his ministers held multifarious directorships that gave them emoluments amounting to hundreds of thousands monthly. A notable example is the brother of the present finance minister.

The President has urged that those who know of any wrongdoing by officials of her government should come to her, but their charges should be documented. That would be the ideal situation. Unfortunately, it is difficult to find a witness brave enough to come forward and accuse someone in power, especially when it may just be his word against that of the official or a presidential kin. Corrupt practices are hardly put down on paper.

Perhaps, the President can go by the saying, "where there's smoke, there's fire" and conduct her own discreet investigations. She, more than anyone else, has the moral clout and the resources to get to the bottom of things. When her inquiries unearth wrongdoing, we trust that she will expose culprits publicly instead of dismissing them for reasons other than the true ones. This will not only confirm her reputation for moral integrity, it could put the fear of God among her men and arrest the slide into the morass of the Marcos days.

But policies, not personalities, are the better gauge of what a government is really all about. And here, there is more similarity than difference with the Marcos regime. We refer to the open arms attitude to foreign investments, the mendicant posture before foreign creditors and aid givers, the commitment to privatization and deregulation, export-orientation, and the calculated non-termination of the Base Agreement.

Corruption and abuse of power have not returned--they never left; they have continued with practitioners [sentence as published]. We still have rampant violations of human rights and police still disperse with tear gas and truncheons participants in mass actions; and there still are encounters between units of the military and police forces.

Old habits and old pobicwel die hard in a regime where so much of the old has remained intact. So what else is new?

/12913
CSO: 4200/1234

REPORTAGE ON REACTION TO LOYALISTS COUP ATTEMPT

Columnist Views Troops' Role

HK180701 Quezon City ANG PAHAYAGANG MALAYA in English 12 Jul 86 p 4

[Column by Luis R. Mauricio: "Why All That Bellicosity?"]

[Text] The government's handling of the Tolentino mini-coup, which fizzled out 30 hours after it was pulled, is as impressive as it was low-keyed. However, it left many nagging questions unanswered. Chief among them pertains to the role of the military in the entire operations.

The ease with which uniformed troops in full battle gear from Camp Olivas (in San Fernando, Pampanga), Capinpin (in Tanay, Rizal) and Aquinaldo, Crame and Panopio (in Quezon City) and the PC [Philippine Constabulary] commands in Cagayan and Tarlac joined the action at Manila Hotel and the equal facility by which their participation was minimized, condoned, and waved aside, seem too pat that one can almost swear that the whole thing was a dress rehearsal, or, to switch to military lingo, part of "war games" or "military exercises."

The bulk of the armed force came from Olivas and the published reports regarding the circumstances surrounding the dispatch of troops to Manila are revealing--more because of the questions they raise than for anything else.

Camp Olivas is under the jurisdiction of the Regional Unified Command for Central Luzon (RUC [Regional Unified Command]-03). Under the setup introduced by Marcos and Ver on 1 August, 1983, while they were preparing for the impending arrival of Nonoy Aquino, there is in each RUC a separate regional command for the army, air force, navy and PC-INP [Philippine Constabulary-Integrated National Police], and the head of one of these regional commands is designated as concurrently the commander of the unified command.

In Central Luzon, Brigadier General Romeo S. David, commander of the air force fighter wing based in Floridablanca, Pampanga, is the RUC commander. Colonel Lorenzo M. Mateo is the PC-INP regional commander.

Gen David and Col Mateo both claim they had no knowledge of the troop movement that Sunday, 6 July.

From the investigation conducted afterwards by Col Mateo, the troop movement was initiated by Major Pedro Mendoza, the RUC-03 operations officer. This is corroborated by Captain Rogelio Quilao, chief of the Regional Special Action Force (RSAF) based in Mexico, Pampanga, who said he received orders from Maj Mendoza to send to Olivas some members of the Civil Disturbance Force undergoing training in Mexico.

Col Mateo's post-coup report to Minister Enrile states that the troop movement was coordinated by Lieutenant Colonel Danilo Venturina, camp commander of Olivas and RUG-03 deputy commander, and Colonel Arnulfo Obillos, Gen David's chief of staff.

The troops, armed to the teeth, were made up of: 43 RSAF men, 13 constabulary policemen (MP), and 30 army soldiers. They were led by Lt Col Venturina and Lieutenant Colonel Reynaldo Cabauatan, Col Mateo's assistant chief for civil relations.

Col Mateo's report further states that the troops left Olivas on board two 6x6 army trucks and two mini-cruisers. In his investigation, Gen David found that 89 troopers left Olivas on board three trucks they commandeered from the camp's motorpool. They were ostensibly bound for Bulacan, but from there they proceeded to Manila. "Along the way, they were monitored to have picked up other soldiers, boosting their strength to about 300 men when they reached Manila." according to Gen David.

At this point, the questions that go begging for answers are:

Who gave the order to Maj Mendoza to initiate the troop movement? What orders did Cols Venturina and Obillos get, and from whom, that made them coordinate the troop movement initiated by their junior officer? Were they told the purpose of the troops' mission, and that the destination of their mission was Bulacan, or Manila?

From whom did Lt Col Cabauatan receive his orders? Did the orders specify that he and Lt Col Venturina were to lead the troops? To where and for what purpose?

After they gave themselves and their troops up, Cols. Venturina and Cabauatan said they had been lured to the Manila Hotel premises after hearing on the radio (on their way to Bulacan) that Enrile and Gen Ramos had effected to the Tolentino Camp because of the imminent take-over of the government by the communists.

Was this bit of intelligence not part of their mission orders? If not--and if they heard about it for the first time only on the radio--why did they proceed to the Manila Hotel without orders from superior authority, since proceeding to Manila was obviously not part of their orders?

What about those troops from the PC commands of Cagayan and Tarlac? Those from Camps Capinpin, Crame and Panopio who initiated the troop movements in their respective areas? From whom did they get the orders?

How was it possible for all these armed forces to converge at one place and at the same time that Sunday afternoon? How were they all able to get the high-powered weapons they were carrying with them, considering that these were not part of the regular arms issued to them?

What invisible force coordinated all their activities?

According to those who were at the Luneta and Manila Hotel premises that Sunday afternoon, the participating soldiers had distinctive flag patches (different from those prescribed, after the February revolution, for the New Armed Forces of the Philippines) which they stuck at the left chest of their uniforms.

Aside from that, some soldiers had narrow black bands tied around their heads, in place of military headgear. Still others wore black and red headbands bearing an insignia--a triangle with the old Malay letter "K" printed within, and below the triangle, the word GUARDIANS, which is supposed to stand for "Gentlemen United Association of Ready, Daunt-less, and Ingenious Advocators for the Nation's Safety." (SIC).

At the Luneta, the GUARDIANS were joined by a group bearing the insignia IROG, the acronym for Integrated Reserve Officers Group.

The GUARDIANS organization was originally the "El Diablo," the semi-secret society of military officers and men, according to its alleged "supreme Godfather-consultant," Captain Anastacio Labiad. From Camp Evangelista, in Cagayan de Oro City, which President Aquino had just visited, Capt. Labitad, according to a TRIBUNE report on 8 July, disowned the participation of the GUARDIANS from Luzon in the Tolentino mini-coup, saying it was unauthorized.

These reports provoke additional questions.

Has it come to such a pass that the country's Armed Forces are now driven into contending movements, organizations, societies, camps, and factions?

Are these groups in any way related to the Reform the AFP Movement (RAM); are all such mini-forces now permitted to operate openly? By their names, they all stand for something noble and patriotic. Are they really? To whom do they owe their loyalty? To the constitution or the Republic? Or to just one man or group of men?

When the wayward troopers were taken to Camp Bonifacio, Minister Enrile went out of his way to smooth their ruffled feathers. He told them:

"We are not going to humiliate, punish, or embarrass any one of you. I stand on this even to the point of bambling with my own honor, my own life, and my own position to see to it that what we have promised you, will be fulfilled."

Such belligerence!

Columnist Lauds Aquino's Handling

HK180715 Quezon City ANG PAHAYAGANG MALAYA in English 12 Jul 86 p 4

["These Our Days" column by F.T. Ocampo: "A Model of Surprise"]

[Excerpts] Once in awhile, it is nice to hear that President Corazon C. Aquino can get mad. This was the word we got right after the emergency Cabinet meeting called last Monday to deal with the clowns who put up their circus at the Manila Hotel starting last Sunday. Until Tuesday, when it finally fizzled out, it was good entertainment. But the "sorry adventure," to quote the President, was enough to get her boiling mad, according to our Cabinet source, and if her resolve on that day is any indication of the way she intends to run her government, then we might as well get a good night's sleep. The country is in good hands.

Before that stage show by the Marcos puppets, most of her well-meaning friends and admirers in the media, the professionals, the public and private sectors and the mass of people who catapulted her to power have expressed apprehension over her kid gloves treatment of the recalcitrants, both in and out of government. Her handling of the Marcos lapdogs has been interpreted in many circles as wishy-washy, giving rise to accusations of weakness on her part.

Tolentino and his "cabinet" must have suffered from the same delusion too--outside of their own very private ones--when they decided to hold their gathering of fools to form a circus government. To their great disappointment, the President turned out to have a mind and a will of her own worthy of any man's steel.

Much has already been said of Arturo Tolentino and that unfortunate and humorous incident at the historic Bayside Hotel which was robbed and vandalized by supporters of his "government." The sanity--if not senility--of the man himself has been a hot subject of speculation by those who have followed his career and admired him in the past. Never mind "ministers" and sundry lackeys whose past performances have uniformly been characterized by mediocrity, subservience and opportunism. The hotel incident could be right along their alley after having lost power and pelf and a master they paid abject obeisance to. But not Tolentino. His tragic end--for it is the end, as far as his career is concerned--will always be a cause for wonder among many Filipinos of this age.

Much has also been said about the sterling performance of the Defense Minister, Mr Juan Ponce Enrile, and the Chief of Staff, General Fidel Ramos. If the Tolentino circus proved anything, it is the fact that their loyalty--at least at this point in history--and the military under them, to the nation and the Commander-in-Chief, is beyond cavil. Both have shown independence of mind and strength of conviction that should erase all lingering doubts about the quality of their fealty to the present government. The Palace jokers and boy scouts should be convinced by this time that, if he so wishes, the defense minister could have them for breakfast or merienda [mid-afternoon snack] anytime.

And however unpleasant an incident, albeit fleetingly, the Tolentino caper once more proved to all and sundry that the lady President is firmly in the saddle. She may have to ride out more storms along the hazardous and uncertain way during her six-year stewardship of the ship of state, but she has shown an admirably firm grip of the pilot's wheel. Her actions are proving all the time that she could be a model of surprise despite her deceptively soft and self-effacing exterior, and this augurs well for the nation's future.

A word of advice, though, and she can take it or leave it: she should get made more often.

Rebels Contacted Marcos During Attempt

OW140549 Tokyo KYODO in English 0541 GMT 14 Jul 86

[Text] Manila, 14 July KYODO--Leaders of last weeks failed rebellion in the Philippines were in touch by phone with ousted President Ferdinand Marcos, who is in exile in Hawaii, an official of the hotel used as the seat of the rebel government said Monday.

Victor Sison, chief executive officer of the Manila Hotel, said a total of eight calls were made from the hotel to Marcos' home in Honolulu, the first being made hours before former Foreign Minister Arturo Tolentino took his oath as acting president in the absence of Marcos.

Sison also said that the government-run hotel will file this week claims of 4.5 million pesos (about $220,000) for damage to the hotel as a result of the 36 hour occupation by loyalists and another 4.5 million pesos for loss of potential earnings. He said that in addition to the calls made from the hotel the loyalist leaders also received two calls from Hawaii. Sison said the calls were monitored by the hotel's switchboard operators but he refused to disclose the contents of the conversations, saying these will be used in the investigations on the failed attempt to set up a rival government.

Marcos, who was toppled inn a civilian-backed military revolt last February, has denied in a published report that he had a hand in the failed rebellion and said that he even asked his supporters to avoid bloodshed.

Marcos could not be reached directly for comment Monday. A recorded message on two of the three Honolulu numbers listed in the Manila Hotel call slips said the numbers were not in service.

The Marcos loyalists ended their occupation of the hotel early last Tuesday morning before the expiry of a 24-hour ultimatum from President Corazon Aquino.

Sison, the 49 year old secretary general of an organization which gathered more than one million signatures for Aquino's presidential candidacy, described the takeover of the hotel as "like a war situation." He said he could not say if more calls were made or received after all the hotel employees finally left the hotel at 2:30 p.m. Monday when military authorities, who were considering an assault on the hotel, ordered them to leave.

Of the eight calls made to Honolulu, three were made by a journalist, the rest by known Marcos loyalist leaders.

The first call, lasting 26 minutes, was made by former member of Parliament and acting loyalist spokesman Gerry Espina at 10:40 a.m. Sunday 6 July. According to the hotel's call slips, government prosecutor Felizardo Lota spoke for 10 minutes with Marcos at 1:35 a.m. Manila time, 7 July.

Sison said the Marcos loyalists, including three active service generals, occupied about 50 of the luxury hotel's 560 rooms. One of the rooms had been fully paid for.

He said Tolentino occupied [word indistinct] rooms on the 14th floor booked by a woman on the night before [words indistinct] old politician took his oath as acting president.

Sison added that none of the known loyalist personalities who participated in the hotel takeover, including Espina and former member of Parliament and Marcos' lawyer, Rafael Recto, had booked rooms in their names. He said the hotel plans to file criminal charges against Tolentino, Recto, and at least 18 other known loyalist leaders for forcible entry, armed robbery, vandalism, and causing physical injuries.

He also said that the hotel is considering blacklisting Tolentino, Recto, and other known loyalist leaders whose occupation of the Manila Hotel resulted not only in damage to property but also to loss of prestige to the hotel, which is one of the best in Asia.

Enrile On Ability To Solve Problems

HK150619 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 14 Jul 86 pp 1, 3

[Text] Defense Minister Juan Ponce Enrile said last Saturday that Filipinos are capable of solving their own domestic problems and do not need any help from foreign countries.

In a television interview, Enrile said that at the height of the "Manila Hotel Crisis," he received a call from the United States Embassy from a certain Phil Kaplan asking him what he intends to do in defusing the situation. Enrile said he replied that he will contact President Aquino regarding the matter and they will decide what to do or what options to take. He said the aborted revolt last week showed that "we could solve our differences among ourselves, peacefully and without bloodshed.

Enrile said, "whatever perceptions other countries have during the crisis, we have shown that we can solve any problem in a Filipino way and we have succeeded in finding a solution like what happened in the Manila Hotel."

"The less we hear about the solutions being suggested to us by some foreigners, the better for this country," he said.

Enrile also reiterated that whatever decisions or actions he took during that time was made with the proper clearance of the President. He also explained that it was presidential spokesman Rene Saguisag who suggested that an incentive be given to the military Marcos loyalist. This incentive, he said, was in the form of a 24 hour ultimatum for them to come out without any punishment, which, he said, they agreed upon during the meeting.

Several options were also considered, like taking military action if the Marcos loyalists did not come out within 24 hours but Enrile said, all of those inside the hotel came out, leading to a peaceful solution.

Rebels Talked With Marcos

HK140657 Hong Kong AFP in English 0630 GMT 14 Jul 86

[By Roberto Coloma]

[Excerpts] Manila, 14 July (AFP)--Deposed ruler Ferdinand Marcos was in periodic contact by telephone with rebel leaders while they were holed up in the Manila Hotel during last week's failed coup attempt, a hotel official said Monday.

"We have good reason to believe that there were at least two calls coming in from Hawaii where the voice of Mr. Marcos was recognized," Mr. Sison told reporters as he sat on a desk in the hotel's cavernous, chandeliered lobby.

"Our operators were able to listen to it, not actually tap, listen to some of the conversations," he said, stressing that phone tapping was illegal and the hotel switchboard was not equipped for such surveillance anyway. He said the operators heard Mr. Marcos talking to Mr. Tolentino and his associate, lawyer Rafael Recto, but said a report on what they heard was "restricted information" that had been passed on to authorities.

Government probers were expected to take testimony from hotel staff this week, said Mr. Sison, a 49 year old U.S.-trained hotelier and Aquino supporter who was appointed to head the Manila Hotel after February's revolt.

Mr. Sison showed copies of billing slips for six calls said to have been made by coup leaders and participants to Mr. Marcos's rented beachfront home in Honolulu. There were eight slips, but two calls did not get through. One slip said "Pres. Marcos," another "Mrs. Marcos," on the space for the party being called, but all eight had identical telephone numbers. The longest call was timed at 26 minutes, the shortest three minutes.

The hotel was occupied by thousands of civilians and some 300 armed troops for some 36 hours after Mr. Tolentino proclaimed himself "acting president" as Mrs. Aquino was visiting a southern city on 6 July.

They pissed all over the place," Mr. Sison said as he recalled the damage and losses incurred by the hotel, located on the shores of Manila Bay. As he spoke, foreign tourists and local clients shuffled casually across the marble floor, sat on sofas, or took breakfast at the lobby cafe.

A regular Monday press forum droned on at the Italian restaurant after being cancelled for the first time in a year due to the coup attempt.

Except for a handful of soldiers in fatigues guarding a far corner, there was no trace of the coup attempt, certainly none of the stench and filth left by the horde of Marcos followers.

Mr. Sison said that apart from a civil lawsuit to recover potential income the hotel lost, they may also file criminal suits for armed robbery, forcible entry and vandalism against Mr. Tolentino and party "because they had arms and they took some things from the hotel." They booked rooms under assumed names and left unsettled bills beyond the deposits they made, while followers stole telephones, silverware, glassware, food and drinks, radio and communication equipment, among other items, he said.

The "undisciplined people" drank all the champagne in external storerooms they raided, but also had some whiskey and brandy among the 200 bottles stolen, he said. He said a hotel engineer was beaten up, interrogated and subjected to "psychological torture" during the occupation.

Mr. Sison said the hotel was planning to institute a blacklist banning certain people from entering the hotel, but added that "we have not quite decided what to do with Mr. Tolentino," a former foreign minister.

He said the hotel would launch a "counter-publicity" offensive to offset the unfavorable news and enforce stricter security since it is close to two regular protest sites, Rizal Park and the U.S. Embassy.

Asked if anything positive came out of the mess, Mr. Sison, a leader of a successful campaign last year to get a million signatures urging Mrs. Aquino to run for president, replied: "It proved the fact that the government of the Philippines is now pretty stable."

'Missing' Colonel Explains Coup Involvement

HK151051 Manila Far East Broadcasting Company in Tagalog 1000 GMT 15 Jul 86

[Text] A constabulary colonel linked to the aborted coup last Sunday denied allegations that he was missing. Lieutenant Colonel Reynaldo Cabauatan, assistant chief of staff for civil military operations, reported that he was either around Camp Crame or at his home in Malolos when the Manila Hotel rally ended.

In an interview with the Philippine News Agency, he said that he attempted to report to acting PC [Philippine Constabulary] chief Major General Renato De Villa on 7 July but the general was nowhere to be found. Early this morning, Cabauatan reported to de Villa on his involvement in the Manila Hotel coup. According to the colonel, he led groups of PC and police to the said rally as a show of unity and strength against communism. He added that he did not know that former member of parliament Artliro Tolentino was going to take his oath as acting president.

Enrile Defends Handling of Incident

HK190901 Quezon City BUSINESS DAY in English 18 Jul 86 p 14

[Text] Defense Minister Juan Ponce Enrile justified yesterday the treatment of military men involved in the Manila Hotel incident. The policy of reconciliation "must be applied to each and every Filipino with equal weight and measure," he said.

Enrile stressed the law must abide by the dictates of human experience and it must also be applied with evenness and consistency. "The political stability of our Republic rests heavily on the firm adherence by the government to this imperative," he said.

Public credibility cannot be maintained in the face of an inconsistent application of policy. In the case of our treatment of the military men involved in the Manila Hotel incident, the policy I invoked is the same policy of reconciliation being extended to other detractors of the government," he added. "As a functionary of government, I cannot do otherwise unless or until the reconciliation policy is changed perhaps into a mailed-fist policy, in which case we shall have to deal severely with all those who challenge the governmental authority, Enrile said.

Speaking before the members of the class of 1952 of the College of Law of the Manuel L. Quezon University at the Silahis Hote, Enrile reiterated the basic commitments of the defense ministry not to engage in actions that would contravene the directions set forth by the political leadership which could prejudice the efficiency of the government or cause disunity among the armed forces.

Citing that law is essentially a human enterprise with its failings and successes, Enrile said if the system breaks down, as it sometimes does, "then we must act on the situation in line with the broad perspective of keeping an eye on the necessity to uphold the rule of law, on one hand; and on the imperatives of stability and social cohesion on the other."

All this, Enrile later concluded, "is water under the bridge." He added, however, that the basic commitments in the defense ministry is delegated authority on faith and trust.

"We have not, and we shall not, engage in actions that would contravene the directions set forth by the political leadership; prejudice the efficiency of government; or cause disunity among our armed forces," he noted.

"In this regard, we do not intend to keep on arguing our case in public, especially to the media," he said. "Our actions have spoken, and shall continue to speak for themselves.

Aquino Handling Criticized

HK190905 Quezon City BUSINESS DAY in English 18 Jul 86 p 4

["My Cup of Tea" column by Ninez Cacho-Olivares: "Nothing is That Simple"]

[Text] In her bimonthly television program, Dialog With the President, Mrs. Corazon Aquino defended her policy of leniency towards the Marcos loyalists and the armed renegade AFP [Armed Forces of the Philippines] soldiers, all of whom had clearly committed an act of rebellion a few days ago by setting up, supporting, and protecting a parallel government with the Manila Hotel as the new seat of government.

Mrs. Aquino, who still has to learn how to look as if she were not reading a prepared text from a teleprompter, claimed that she could have ordered an armed attack on the loyalists and the renegade soldiers, but that this armed assault not only would have gone against her policy of non-violence but would have also proven nothing in the end.

Criticisms have been levelled against the President over her handling of the situation. Critics have stated that the national leadership had shown weakness and indecisiveness. They also pointed out that during the first few critical hours, there was no immediate reaction and response from the president, who was then in Cagayan de Oro city.

Twitting her critics, Mrs Aquino claimed that if she had not been seen on television responding to the crisis, it was simply because her presidential visit, while televised, had not been covered via satellite. Following adverse criticisms of her "live" television coverage of Davao and Cebu, her provincial sorties were no longer covered "live"--because her critics had borne down on her over the expenses of satellite coverage. Apparently, Mrs. Aquino now thinks that her critics do not know what they want--for her not to have satellite coverage or for her to have such a coverage so that, in times of crisis, she can react and respond "live" on television.

Quite frankly, I fail to see the connection or the justification for the inability of the President to immediately respond to the crisis simply because there was no domestic TV satellite coverage, as this has absolutely nothing to do with the inability to air an immediate presidential response.

Mrs Aquino could have been heard on government television immediately responding to the crisis if she had put in a phone patch with a presidential message to the Manila stations. This way, she could have gone on "live," issuing orders to the military, as President and Commander-in-Chief, giving her defense minister her instructions. Even without satellite facilities, Mrs Aquino's television crew could have immediately videotaped her response and quickly dispatched this to Manila, in a private aircraft. It does not take two hours, as the crow flies, to get from Cagayan de Oro to Manila. There could have been problems for private aircraft to fly off at a certain unscheduled time, but this could have been solved easily. There was an emergency and the President, after all, can issue orders for the facilitation of the unscheduled flight out to Manila.

One can, of course, fall back on the excuse that the absence of a satellite coverage was the major reason the presidential response was not immediately relayed to Manila, but when one realizes how easily a presidential message can get across via telephone and radio hook-up even without, "live" TV, the explanation starts to sound ludicrous. Whoever thought of that particular explanation did the president a disservice.

Mrs Aquino further claims that the government had gained more than it had lost, with her nonviolent and lenient handling of the crisis. "We have come out of it stronger and more stable," she said, adding that "now we know that the loyalist cause has no significant following and we have identified the disloyal elements in the military."

But even before the loyalists tried to stage a coup d'etat, it was clear, during the previous rallies, that they had no significant following. It is a non-sequitur, therefore, to say that the government has emerged stronger and more stable simply because the loyalist camp has no significant following.

The fact is that the government is still unstable and there is no evidence that the government has come out stronger because of her "non-violent" and lenient handling of the crisis. There are still many loose ends, many unanswered questions. The cause and effect of the Sunday incident and the consequences of the Presidential leniency cannot yet be fully and accurately assessed. It may be too soon for the President to give herself a pat on the back simply because the coup was aborted.

Moreover, Mrs Aquino said that as a result of the attempted coup, the government has been able to identify the disloyal elements in the military and that she can now, with more confidence, proceed in the reforms her government has pledged.

Pardon me, but I find that presidential statement quite naive. Certain disloyal elements in the military may have been identified following the crisis, but it is just as possible that other disloyal elements, knowing perhaps that the time was not right, did not want to surface and publicly identify themselves with the coup plotters but are still lurking behind and biding their time. The danger is certainly not over. How does the Commander-in-Chief now separate the chaff from the grain? Through an oath of allegiance to the Freedom Constitution? That oath would not mean anything to persons who are intent on grabbing political power. One can swear on a stack of bibles to get away from punishment, but it is not a guarantee that one will abide by the rules and admonitions of the holy books.

Mrs Aquino tries to justify her actions and defends herself from charges of weakness and indecisiveness by invoking her adherence to a policy of non-violence. But surely one can still adhere to this principle of non-violence without letting the loyalists and the renegade officers off the hook. A crime was committed and justice demands punishment. Justice and non-violence are not incompatible, just like restitution and reconciliation.

A crisis was defused, but the leadership qualities were found wanting. Mrs Aquino now claims that this will not happen again and if the loyalists gather in any significant number, they will be dispersed. "It is as simple as that," she said.

I disagree. When crimes are committed with impunity and when the leadership allows the law to be flouted, nothing can ever be as simple as all that.

/12913
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PAPER REPORTS ON ARREST OF DEMONSTRATING MARCOS LOYALISTS

HK150417 Manila THE NEWS HERALD in English 14 Jul 86 pp 1, 6

[By Marc Logan and Cecilio Francisco Jr.]

[Text] Diehard followers of deposed President Marcos yesterday defied President Aquino's ban on loyalist rallies, but police and Constabulary troopers dispersed the estimated 1,000 demonstrators at Luneta Park and arrested their leader, former actress Annie Ferrer, together with four other still unidentified rallyists.

This developed as defense and military authorities revealed the existence of 22 active pro-Marcos organizations in the country and two others in the United States.

Ferrer, 28, President of the "Red, White and Blue," an umbrella organization of the Ako Ay Pilipino Movement [I Am Filipino Movement], was picked up in front of the Manila Hotel at about 2:30 p.m. by a police team led by Colonel Edgar Dula Torres, deputy superintendent of the Western Police District [WPD]. She was released at about 5:30 p.m.

Ferrer charged that she and her four companions were forced into a van with 20 policemen on board and taken to the WPD Station 5 where she was detained for about three hours.

Fiscal Felizardo Lota, another Marcos loyalist, followed Ferrer to the police station and stayed with her during her detention. The ex-actress branded her arrest as illegal. She claimed that she did not cause any trouble, and was only at the Rizal Park to jog. To prove her point, she called attention to her eye-catching attire: blue shorts and red sleeveless shirt.

Asked why she was being followed by a group of loyalists towards the Manila Hotel, Ferrer answered: "You know I have lots of fans, especially people who see me on TV."

Brigadier General Alfredo Lim, WPD superintendent, said the rally was dispersed because it had no permit from City Hall. The demonstrators had earlier applied for a permit, but police authorities endorsed the application to City Hall which rejected it. After their application was rejected, the loyalists announced that they would hold their Sunday Rally--permit or no permit.

Expecting that the loyalists would push through with their rally, anti-riot policemen led by Gen Lim, supported by troops from the PC [Philippine Constabulary] Capital Regional Command (Capcom), deployed units along Roxas Blvd., P. Burgos St., Taft Ave, and other entry points to Rizal Park and the Manila Hotel as early as 9 a.m. yesterday.

Brigadier General Ramon Montano, Capcom commander, led Capcom elements and police teams in cordoning the Manila Hotel to prevent possible takeover by loyalist groups like what happened last week.

Former Senator Arturo M. Tolentino, who proclaimed himself acting president last week, was conspicuously absent from yesterday's rally. So was former MP Rafael Recto, the deposed president's lawyer.

In past loyalist rallies at the park, either Tolentino or Recto or both, were present.

The demonstrators could not tell newsmen the whereabouts of Tolentino and Recto yesterday.

Lawyer Oliver Lozano, another loyalist leader, was seen at the rally, but he was not actively leading the demonstrators. Lozano was busy securing signatures supporting the victory of the Marcos-Tolentino team in the 7 February snap elections.

Lozano aims to secure a total of 10.8 million signatures, and has reportedly reached the 7 million mark as of yesterday.

With Tolentino and Recto absent and Lozano busy securing signatures, the task of leading yesterday's rally fell on Ferrer, the ex-actress and mother of two. In an interview following her release, Ferrer gave a new tack of the loyalists' objectives in holding their rallies. She dropped the issue of restoring Marcos back in Malacanang. According to her, the deposed president is no longer interested in returning to the country.

"What we are seeking is justice for the 1973 Constitution which was abolished by Cory Aquino," Ferrer said. She said the loyalists will continue holding rallies even if they are not given a permit until freedom is restored in the country. She added that Tolentino and Recto will never swear allegiance to President Aquino's Freedom Constitution because they believe that the Aquino Government is illegal.

Ferrer's Red, White and Blue is only one of the 22 pro-Marcos groups in the country.

A recently declassified military intelligence report said the 22 pro-Marcos organizations are made up of politicians, business tycoons and military officers who became rich during the previous regime because of their close association with the deposed president. Sources said the pro-Marcos forces have devised strategies and tactics that closely follow the Marcos style of "divide and conquer."

This involves sowing intrigues within the fledgling Aquino government, non-cooperation, and magnifying grievances of disgruntled local officials to give an impression of government weakness and thus justify their claim that the present administration lacks the capability to effectively govern the country. The sources added that in the pursuit of their destabilization campaign, the pro-Marcos forces focus their activities on agitation and propaganda.

After the Manila Hotel camp attempt, pro-Marcos forces have been directed towards the strengthening and synchronizing the activities of the various groups and organizations, the report said. The sources, however, failed to mention prominent personalities behind the destabilization campaign.

Enumerating the number of pro-Marcos rallies since 1 March to 26 June, the sources indicated that a total of 76 were conducted throughout the country, 39 or 51 percent of which took place in Manila.

Participants in these rallies which often resulted in violence ranged from 100 to 10,000. Most of these demonstrations clamored for the return of the deposed President, the resignation of President Aquino, an end to the appointments of OIC's [officers in charge] and the sequestration of properties belonging to Marcos and his cronies, and their restoration of the Batasang Pambansa.

/12913
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FOUR RADIO STATIONS TO BE PROBED ON SEDITION CHARGES

HK151521 Quezon City BUSINESS DAY in English 15 Jul 86 p 24

[By reporter Geselle J. Militante]

[Text] The National Telecommunications Commission (NTC) will file criminal charges against four radio stations, which broadcast loyalist movements during the 6-7 July rebellion. Charges will be filed if NTC finds proof of "seditious and misleading statements" aired by the four.

Transportation and Communications Minister Hernando B. Perez disclosed this during the weekly Kapihan sa Maynila [Manila Coffeeshop] forum at the Manila Hotel. He said the government has not banned "pro-loyalist" radio stations, but these stations would have to answer for violations of radio laws. "There is going to be an investigation by the NTC," he said.

According to NTC Deputy Commissioner Jose Luis Alcuaz, radio stations DZME, SWAD, SZEC, and DZXL were temporarily closed during the heat of last week's rebellion, led by former Senator Arturo M. Tolentino.

BUSINESS DAY earlier reported that DZEC and DZME were ordered closed by Defense Minister Enrile because the stations were broadcasting reports that Enrile defected to the Tolentino camp and President Corazon C. Aquino was being held against her will in Cagayan de Oro.

Perez pointed out that "utterance of false and seditious remarks is punishable by other means aside from closure." He noted that "when the government itself is threatened because of actual and imminent danger, the government shouldn't just sit down and wait to be overthrown."

"Under radio laws, closure of radio stations is allowed if there is disturbance. Whether it is popular or not is another matter," he said.

"Perez cautioned though that even during such period of disturbance, the civilian still must have the upper hand over the military.

In an interview, Perez told BUSINESS DAY that only his ministry has the right to close radio or television stations. Perez claimed that the recent closure of four radio stations for a day and a half was ordered by MOTC [Ministry of Transport and communications] and the NTC. He said it was not within the jurisdiction of the military to halt radio or television broadcast without permission from the transport and communications ministry. This also applies to the cutting off of telephone lines and closure of public utilities, he said.

Even with instructions from the military, the Philippine Long Distance Telephone Company for example, must get the final nod from MOTC, the minister stressed.

Asked how "seditious" is seditious, Perez answered that there are radio laws to consider.

Alcuaz added that the broadcast industry abides by a radio and television code of the Kapisanan ng Mga Brodkaster sa Pilipinas [Society of Broadcasters in the Philippines]. He said there is also a standard authority that monitors broadcast content. In the past though, this body had no necessary clout to implement its decision. But NTC at the same time, is the legitimate arm for implementation and can also exercise sanctions.

Perez, however, declined to disclose what sanctions his ministry is considering in the case of the four stations being investigated. "All I want them to do," he said, "is to enforce what is provided by law. We wouldn't want to pre-empt findings."

/12913
CSO: 4200/1234

PAPERS COMMENT ON TOLENTINO COUP ATTEMPT

MALAYA Editorial On Aquino 'Indecisiveness'

HK150936 Quezon City ANG PAHAYAGANG MALAYA in English 8 Jul 86 p 4

[Editorial: "Danger Signal"]

[Text] Perhaps the single biggest indication that the apparent indecisiveness of the Aquino government was bound to be mistaken for weakness is the ongoing gimmick pulled by the Marcos partisans at the Manila Hotel.

One cannot begrudge an old would-have-been-great, "ex-future" president like Arturo Tolentino from living in a dream world along with the rest of his wayward knights, those 300 renegade troops protecting a lost kingdom. But when they go to the lengths to which they have indeed gone since Sunday to indulge that dream, then it's time our new government realizes that things have gone too far. From the looks of it, they will yet worsen unless President Aquino distinguishes well between patience and compassion, as against firmness and decisiveness.

What impelled Tolentino et al--when a majority of Filipinos had dismissed in recent past as old, dreaming fools--into taking such a bold step as commandeering the Manila Hotel, usurping public authority, and letting loose hundreds of heavily-armed diehard loyalist soldiers? They may have been testing the waters, it is true, but there is still no escaping the fact that they did what they did because they are convinced we have a weak government.

Over confident fools as they are, they must have thought that with Mrs. Aquino and General Ramos in the provinces, and Vice President Laurel abroad, it would be so easy to take over by the simple expedient of creating confusion among the armed forces and making them believe Defense Minister Enrile had gone over to the loyalists' side.

They must have thought that by using a couple of radio stations, they can rally civilian support in the magnitude of the people's power that supported the military mutiny in February.

It is hard to believe, of course, that the wily Mr. Marcos, to whom lying comes as naturally as sleeping, had no hand in the whole stunt. Tolentino et al made that clear--that they were acting on his authority. As to how brilliant lawyers like Tolentino and Raffy Recto can be so manipulated by Mr. Marcos is almost incredible.

Meanwhile, the public is alarmed over the role played in Sunday's loyalist affair by a security force that included Colonel Rolando Abadilla of the notorious MISG [Military Service Intelligence Group]. When guys like Abadilla, who is supposedly under house arrest, can flaunt authority just like that, the signal is definitely there that, our people upstairs have lacked in display of muscle. How can one hide the fact that the military has been harsh on suspected Reds, yet soft on Abadilla and Dimaporo?

Chronicle Views Aquino Response

HK150505 Manila THE MANILA CHRONICLE in English 11 Jul 86 p 9

[Editorial: "Aquino Must Assert Political Wile"]

[Text] The Aquino Government has survived the rebellion of Arturo Tolentino, but it is just beginning to face the test of how far it can impose its authority. The Cabinet is divided over whether to punish Tolentino and his cohorts, including the dissident generals and soldiers, for staging the failed power grab.

President Aquino has indicated that she would be magnanimous if the dissidents pledged allegiance to the Freedom Constitution, now in place while the new constitution is being framed. Her position is clearly a way of avoiding a constitutional crisis that is likely to be provoked if she gives way to a point of view in the Cabinet that it is time for her to get tough if she wants her Government to survive. The problem is whether the dissidents could summon the humility to pledge allegiance.

If their arrogance prevails, she would be forced to take stern measures against them. The sensitive area is the military which may be called upon to carry out orders of the Chief Executive, also the constitutional Commander-in-Chief of the armed forces.

There are signs of wavering in the military ranks. The Chief of Staff, General Ramos, has indicated he may not be in accord with the action of the defense minister, who had earlier virtually cleared the dissident generals and soldiers of wrong-doing. General Ramos said 'the granting of pardon is the sole prerogative of the President.' This contrasts with the defense minister's statement after the collapse of the rebellion that he was putting his honor and word on the line that the soldiers would not be punished.

There has been a strong public reaction to the unilateral declaration of the defense ministry in absolving the soldiers for the purpose of "reintegrating" them into the armed forces and solidifying them in fighting the communist insurgency.

Without disputing the importance of fighting insurgency, it is difficult to see how an armed forces, part of which does not see itself loyal to the

Government, can fight the insurgents effectively. There is just no logic in the argument.

President Aquino could impose allegiance as a precondition to leniency, but if the defense ministry is reluctant to implement this policy, two options are available: either she exercises her political will and uses her prerogatives of office to punish the soldiers, or she shuts up.

At the root of this issue is the principle of supremacy of civilian authority over the military--a concept backed by our constitutional tradition. In the tensions between civilian authority and the narrow interests of the military, there is much at stake for the Filipino people. The people's interests require that their civilian leadership stand up to any attempt by those within or outside the Government to erode its authority to govern this nation.

That is what the people fought for when they struggled to win the February revolution. They were not at EDSA [Epifano De Los Santos] to pave the way for a military dictatorship.

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CSO: 4200/1234

'NATIONALISTAS' ASSAIL 'REVOLUTIONARY GOVERNMENT'

HK100142 Manila THE MANILA EVENING POST in English 8 Jul 86 pp 1, 6

[Text] Leaders of the Nationalista Party [NP], the new opposition group, yesterday assailed the revolutionary character of the Aquino government as the cause of many ills and dissatisfaction which brought about the seizure of the Manila Hotel last Sunday by disgruntled military men.

Led by former member of Parliament Renato Cayetano, the NP leaders said: "Mrs Aquino should transform her revolutionary government to a constitutional one as soon as possible to avert further deterioration of men in uniform."

The NP hailed the New Armed Forces of the Philippines (NAFP) for its exercise of maximum tolerance in dealing with the political crisis caused by the assumption of former Sen Arturo Tolentino of the position of "acting President."

The NP stated that: "We commend the (NAFP) for its exercise of maximum caution in dealing with the situation, maintaining peace, and preventing unnecessary violence."

The NP cautioned the civilian political leaders not to lightly dismiss this event as another political sideshow.

The NP urges President Aquino to do the following:

--Hold local elections not later than November 1986, with or without a new Constitution (The tenure of the newly-elected officials can be taken care of by the new Constitution's transitory provision).

--Call a presidential poll not later than 60 days from the ratification of the new Constitution.

--Stop the indiscriminate dismissal of civil servants.

These moves, the NP said, would restore constitutionalism and confidence in democratic institutions and processes.

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CSO: 4200/1234

CPP PETITION CAMPAIGN AGAINST ENRILE, RAMOS REPORTED

HK110646 Manila MANILA BULLETIN in English 10 Jul 86 p 6

[Column by Jesus Bigornia: "Reds Push Sophisticated Campaign"]

[Excerpt] Philippine communists deserve an "E" (for excellence) in trying to destabilize President Aquino's regime. Their latest attempt--a campaign to drive a wedge between the President and the military establishment--is a model for deception and intrigue. Cadres of the Communist Party of the Philippines (CPP), backed by New People's Army (NPA) squads, are reported collecting signatures of provincial and municipal officers-in-charge on a petition for the dismissal of Minister Juan Ponce Enrile and General Fidel V. Ramos, as minister of national defense and Armed Forces of the Philippines chief of staff, respectively.

If political analysts view the campaign of denigration as pressure on Malacanang to clear the way for a coalition government, they also foresee a violent reaction from the military establishment where anti-communist feelings run deep. Knowing they can have no place in a communist-dominated military organization, the officers' corps of the Armed Forces of the Philippines are not expected to surrender their future without a fight, a well-known observer comments. He adds that dismissal, arrest or even slaying of the two well-known anti-communist champions would trigger a violent reaction.

Camp Aguinaldo sources say the CPP demand for Enrile's and Ramos' ouster is well known in military circles, if the latest signature-collecting gambit is a new twist worth looking into. It is conceded that, exposed to NPA retributive actions as many of them are, most of the officers-in-charge may be coerced into signing against their will the petitions now being passed around. But they also warn communist-coddlers in the government hierarchy against testing the patience of the men in uniform.

/12913
CSO: 4200/1234

SOUTHERN TAGALOG NPA COMMAND ISSUES STATEMENT ON ATTACKS

HK090227 Manila MANILA BULLETIN in English 8 Jul 86 p 7

[Text] The Southern Tagalog Command of the New People's Army (NPA) clarified yesterday the defensive nature of the ambush sprung in Villa Prinsipe, Gumaca, Quezon, last 30 June.

A statement issued by the command related immediately preceding events that made the ambush "necessary to defend the people and the revolutionary forces against continued onslaughts from the military."

"The ambush was in retaliation for a series of AFP [Armed Forces of the Philippines] armed assaults against us and against the people of Quezon. There was no let-up (in) massive military operations in the province since March of this year despite President Cory Aquino's call for reconciliation," the statement said.

The 30 June ambush itself was precipitated by the 26 June operations of the military in a Barrio of Lopez Town, the statement continued. Search and destroy operations have been conducted by the military in Gumaca, Lopez, Pitogo, Buenavista, and Guinayanga towns. Barrio residents were hounded and harassed and even the fact-finding mission organized by concerned citizens was subjected to threats and intimidation. One civilian was "salvaged."

The statement added: "We reiterate our openness to peace negotiations. But we feel we should also restate the gulf of difference from surrender as the terms of a ceasefire is being negotiated and especially now when these terms are not yet agreed upon.

"We cannot allow the remnants of the fascist Marcos dictatorship to continue sowing terror among the people unopposed. We cannot allow them unresisted to strip the people of gains won through their long years of struggle against the U.S.-Marcos reign. And, we cannot allow our comrades and the masses to die, undefended."

While talks are going on, we shall take the active defense posture. Meaning, if we are attacked, we retaliate. We shall also continue the task of dismantling private armies of warlords and the infamous para-military CHOF [Civilian Home Defense Forces] units."

The NPA statement also denied reports that the guerrillas were supposed to have burned the bodies of military casualties.

"... While we are vigilant in the protection of the people's rights and gains, we also respect the dead. Elements of the 31st IB [Infantry Battalion] caught by the fire-fight (in) their vehicles were all taken out before the jeeps were burned, at the cost of precious minutes of get-away time for the NPA guerrillas involved."

/12913
CSO: 4200/1234

PRESSURES ON AQUINO TO ADOPT TOUGHER STANCE ON REBELS VIEWED

HK180711 Quezon City ANG PAHAYAGANG MALAYA in English 12 Jul 86 p 4

[Editorial: "Assessing the 'War'"]

[Text] From all indications, it is apparent that there is tremendous pressure for President Aquino to start cracking the whip on the communist insurgents.

The pressure had always been overt from the side of the Enrile-Ramos group, who, incidentally had never expressed optimism about government's efforts to attain a meaningful ceasefire with the rebels.

The latest publicly announced pressure comes from Mr Richard Armitage, the U.S. assistant Secretary for Defense for International Security Affairs, who, in an interview Thursday, said the communist insurgency problem was growing worse, and that Mrs Aquino's taking a tougher stance would eventually be "necessary and inevitable."

It must be difficult for someone as sincere as Mrs Aquino to fend off such statements of doom. But she should learn to live with these, and not be overwhelmed by them. Men like Mr Armitage, occupying such a high post in the U.S. Government, are expected to make such statements because they reflect the U.S. concern for its own interests. On the other hand,guys like Mr Enrile and Mr Ramos are also expected to sound as they do when it comes to dealing with the rebels because they are from the military establishment.

In his statements, Armitage said it is hard for the Aquino government to keep its patience when the insurgents have even "stepped up their offensives" since the time she offered them peace. But of course, Mr Armitage does not know, or was not told, that the total scenario of war is not known by propaganda alone, and that many a military offensive could have gone unreported too. Perhaps he is not aware that both sides--rebel and military--are capable of staging a media blitz that would not necessarily reflect the total picture.

From credible human rights groups, we hear of continuing militarization operations in various parts of the country, especially in Cagayan, where hundreds of families have been displaced recently because the AFP [Armed Forces of the Philippines] was using all the firepower at its command to flush out rebels from their areas.

Is it possible that from a previous stance when it played up its offensives against the rebels, the military now seeks to play up every single NPA offensive to make it look like the other side is the aggressor? Is it possible that a sector of the rebel camp, on the other hand, believes in playing up NPA offensives also to gain maximum position before the peace talks? These are very probable scenarios, and it would od well for concerned Filipinos to think them over rather than jump at the assessment of a foreign expert like Mr Armitage.

We hope President Aquino and her advisers would continue to look at the situation with a calm, enlightened eye, so they can with confidence proceed on her unprecedented struggle for "peace with honor."

/12913
CSO: 4200/1234

COLUMNIST COMMENTS ON 'LULL' IN CEASEFIRE TALKS

HK150321 Manila MANILA BULLETIN in English 13 Jul 86 p 6

[By Jesus Bigornia]

[Text] Sincerity is a commodity that is apparently lacking in stalled peace talks. While the leaders of the Communist Party of the Philippines (CPP) profess a willingness to sit down with opposite numbers from the Aquino government, their armed elements, units of the New People's Army (NPA) press the "People's War" in the countryside in well-conceived ambuscades on unwary troopers of the Armed Forces of the Philippines [AFP]. On the other hand, it is claimed, the AFP is equally lacking in candor by operating in known rebel strongholds.

It is now claimed that "internal problems" now rolling the whole fabric of the communist movement here has stalled the ceasefire talks. What is possibly meant is that the CPC politburo, led by Rodolfo Salas, has vetoed parlay plans of the chieftains of the National Democratic Front, the political arm of the CPP, represented by former newspapermen Antonio Zumel and Saturnino Ocampo. Intelligence sources have always discounted reports on schisms and power struggles within the CPC hierarchy and "victory" by the so-called "moderates."

For a proper understanding of the communist movement here, it might be pertinent to point out that the CPC politburo is the brains, laying down the policies and doctrines and making all the important decisions. To carry out the "People's War," the CPC created the National Democratic Front to win the support, logistical as well as spiritual, of the masses of the people. The NDF also serves as recruiting field for actual membership in the CPC and for NPA fighters.

What the present full in talks infers is that the leaders of the movement are probably split on the question of whether to proceed with negotiations as suggested, not because of any internal struggle between "hardcore" communists and the so-called "moderates," for in the movement there is no such things as a "moderate." Should contact be resumed, it is safe to predict that Messrs. Zumel and Ocampo, the designated representatives of the CPP, will lay down the communist "minimum" demands which may be anticipated as unacceptable to the government side.

/12913
CSO: 4200/1234

COLUMNIST EXAMINES REBELS' PROPAGANDA SUCCESSES

HK150251 Quezon City NEW DAY in English 14 Jul 86 p 4

["Here and Now" Column by Francisco S. Tated: "Cease Fire"]

[Text] Like the fires that all seem to break out during "Fire Prevention Week," so many ambushes are taking place after the government had unilaterally declared a "ceasefire." It's no accident. In an unusual story written by his own daughter, NDF [National Democratic Front] negotiator Satur Ocampo says the ambushes will continue until there is a mutually-agreed ceasefire.

Ironic though it may be, this has not prevented journalists from interviewing some CPP [Communist Party of the Philippines]-NPA-NDF leaders in the field. Thus last Saturday, before the Manila Hotel incident, we had the opportunity to watch "Ceasefire," the first professionally produced film of one such interview on Channel 13.

It was a far cry from the last film interview with the revolutionary Fr Conrado Balweg, which made one feel truly sorry for the broadcast journalist and the dissident priest. This time the documentary was well-produced, and succeeded in capturing not only the thoughts of some leaders of the revolutionary movement, but also slices of life within it.

Through Maria Montelibano's film of the interview with Behn Cervanmtes, Ocampo and Tony Zumel, who were supposed to be holding "secret talks" with Ramon Mitra and Jose Diokno for the CPP-NPA-NDF, as well as some armed colleagues, succeeded in talking to the nation instead. They gave candid views of what they thought of the Aquino government, and of the chances of a ceasefire agreement.

Through Zumel, the NDF expressed appreciation for the release of political prisoners, the repeal of "fascistic decrees," and the perceived broadening of democratic space for the left, especially in the urban areas. But like his comrades, Zumel saw no signs of substantial change. Even the economic and financial program being pursued by Finance Minister Jimmy Ongpin and Central Bank governor Jobo Fernandez, he pointed out, was the same "externally dictated" program pursued by Marcos.

The armed comrades huddled with Ocampo were just as pointed. Why should Mrs Aquino call for a ceasefire before she had even fully made known her program of government? What was its basis? What was there to talk about? One comrade voiced the impression that she seemed unable to control her Cabinet; that the ministers seemed to be shooting in different directions, and that the defense minister could do what he pleased.

And what, one asked, were the guerrillas supposed to do during the ceasefire? How was the movement to grow when the ceasefire would impose a stop on the ambushes, which had so far been the only means by which the NPA had been able to collect arms for the comrades?

They lamented the fact that the Aquino government seemed to have the impression that the revolutionary movement existed only because Marcos had become president, and that with Marcos out they no longer had any business fighting the government. They found it unfortunate that the government tended to equate possible cooperation with "surrender" of their forces.

Ocampo showed more latitude when he tried to explain to his armed colleagues that a dialog at this time would give the movement an opportunity to impress upon the government its aims and objectives. If the citizenry understood these better than the government, then the movement stood to gain rather than lose. He assured his comrades that the movement would never agree to disarm, either as a precondition for, or as a consequence of, talks.

In that single statement, the movement revealed what seems to me a considerably well-thought out propaganda objective. They obviously do not want to be seen as an unreasonable group, so they would not mind going through the motions of a dialog, but since there is no question of laying down their arms, it goes without saying that they are not ready to end the armed conflict.

And why should they? Theirs is the only insurgency in all of non-communist Southeast Asia that has become the most formidable threat to the government, without any external aid. The popular ascendancy of Mrs Aquino may have set back their timetable by three to five years, but they still could recover their position if the new government fails to turn around the economy soon enough and consolidate its forces. In fact, Jose Ma. Sison predicts that in a couple of years the situation would become so desperate that Mrs Aquino would be compelled to sue for accommodation with the revolutionary movement.

The TV documentary is a propaganda coup for the CPP-NPA-NDF. They have succeeded in presenting an "informed defense" of their revolutionary cause, cost-free to the movement. Not even the Aquino government has so far been able to use the media that well to explain its social philosophy or its attempt to put together a program of government.

It is very obvious from this film that: 1) Regardless of mutual assurances of goodwill on both sides, it is unrealistic to expect the talks to produce the desired political settlement to end the present conflict; 2) Ocampo and Zumel are doing a far better propaganda job for their movement than anyone seems to be doing for the government.

/12913
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OPLE SUGGESTS FORMATION OF MINDANAO COUNCIL

HK150617 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 14 Jul 86 p 2

[Text] Opposition leader Blas F. Ople called yesterday for the formation of a bipartisan Mindanao Council chaired by President Aquino, with the entire Cabinet, political leaders and sectoral organizations as members, to ensure an effective, uninterrupted and dependable channel" of communication between Mindanao and the national leadership.

Ople, just returned from Davao City for the Constitutional Commission public hearings, said "the most notable change I have seen is an increased impatience, bordering on despair, on Mindanao's isolation from decision-making in Manila."

The feeling he said, cuts across the socio-economic strata and has been exacerbated by the gross under-representation of Mindanao in the Con-Com. "Some of the sectoral representatives in our consultations, notably businessmen and labor leaders, said they could not support a constitution in the making of which the entire region of Southern Mindanao is not represented," Ople said. "They consider this worse than taxation without representation, a grievance that helped impel the Americans to revolt in 1776," he added.

Ople said both Northern and Southern Mindanao are not represented in the Con-Com. Of four representatives from Mindanao, three are Muslims, formerly Sen Domocao Alonto of Lanao, educator Lugum Uka of Cotabato and former Ambassador Yusuf Abubakar. Lawyer Adolfo Azcuna of Zamboanga del Sur is a Christian.

Ople said the proposed Mindanao Council can be a "strategic forum" for the redress of basic grievances from the people of Mindanao.

"It can also be a forum for peace and progress in that troubled South," he said. He is proposing that the council be backed up by a permanent secretariat from the national Economic and Development Authority and the Ministry of National Defense.

/12913
CSO: 4200/1234

COMMITTEE TO EXAMINE POLITICAL PROBLEM OF MINDANAO

HK180335 Quezon City BUSINESS DAY in English 17 Jul 86 p 10

[Text] The Aquino Government approved yesterday the formation of a committee to look into the political problem of Mindanao.

The Cabinet in its weekly meeting yesterday noted that a symptom of the problem was the continuing hostility between government troops and the separatist Moro National Liberation Front (MNLF). Specifically the study of the Mindanao political problem was apparently triggered by the recent spate of kidnappings in the Muslim dominated Mindanao of Christian workers: French priest Michele de Gigord, 10 Carmelite nuns and an American medical missionary, Brian Lawrence.

Muslim Affairs Minister Candu Muarip recommended the formation of the Minanao Committee which the Cabinet readily approved. President Corazon C. Aquino will presently name members of that committee.

During the Cabinet meeting, Muarip disclosed that the latest kidnappings in Lanao del Sur may have involved independent groups "using the existing political instability in Lanao as cover for their nefarious activities."

"The recent Lanao kidnappings may lure us into the belief that it is the work of one of the political protagonists in the area," Muarip told the Cabinet.

It is worth noting that "in the past these independent groups have been used by powerful political forces to serve their own ends, especially during elections," Muarip said.

The Cabinet decision came after President Aquino, in her capacity as commander-in-chief, ordered the Philippine Army to solve the problems of warlordship and banditry in Mindanao.

Meanwhile, the Philippines News Agency quoted Political Affairs Minister Antonio Cuenco as saying that the Cabinet decision to study the Mindanao problem was prompted by President Aquino's proposal for a restudy of the 1976 Tripoli agreement and to take steps to prevent disunity in the Mindanao problem.

The military meanwhile formed yesterday a negotiating panel which will handle talks with the kidnappers of American Protestant missionary, Brian Lawrence, and find out their demands, among which reportedly calls for an independent Mindanao state.

In a long distance telephone call to Soutcom [Southern Command] chief, Major General Jose Magno in Zamboanga City, it was learned that Lawrence was abducted by a Moro National Liberation Front (MNLF) splinter group which calls itself the Mindanao Independence Movement (MIM) headed by three Muslim commanders identified only by their aliases. They are commanders Fidel Castro, al-Qadhdhafi and Khomeyni.

The negotiating panel is made up of Brigadier General Rodrigo Gutang, RUC [Regional Unified Command] 12 Commander; Colonel Raul Aquino, Commander of the 2nd Brigade 1st Infantry Division; Colonel Francisco Cruz, Commander of the 24th Infantry Battalion; and, former Oanao Del Sur Governors Muhamad Ali Dimaporo and Princess Tarhata Lacman.

Meanwhile, Aquino confirmed to newsmen that the kidnappers of Lawrence have not put forth any ransom demands unlike the abductors of the 10 Carmelite nuns who have demanded P2 million for their safe release.

"There have been no monetary demands whatsoever from Lawrence's kidnappers and according to them, the only thing they want for the moment is a dialog with the government emissaries to talk about the independence of Mindanao," Aquino said.

"In fact, they (the kidnappers) have recommended some names to compose the negotiating panel. They mentioned a certain John Whitterner, who is a Cagayan de oro city-based missionary. Also mentioned were Princess Tarhata Lucman and Jun Alonto, the present president of the Mindanao State University (MSU)," he added.

Aquino also revealed that the kidnappers sent a tape recording made by the American pastor addressed to his wife and friends. "Lawrence said in the tape that he is safe and in good health and voiced his optimism that he will soon be released if the government panel is able to talk with his kidnappers." Aquino said.

/12913
CSO: 4200/1234

OPPOSITION PAPER ON LAUREL FAILURE TO SECURE INVESTMENTS

HK210718 Manila THE MANILA EVENING POST in English 18 Jul 86 [no page given]

[Editorial: "Where are the Investors?"]

[Text] Foreign businessmen have called this country a "high risk" investment area, and neither Cory Aquino nor Doy Laurel can convince them to invest here just when we are being buffeted by economic, social, and political forces.

Mr Laurel's cable from Bonn, Germany to Padre Faura the other day contained the sad message that he had failed to convince European investors to do business in our country. It's a prelude to his official report that will expectedly touch on how the world views our business climate.

Truth to tell, Mr Laurel and the other emissaries of this government who have been sent abroad to seek foreign assistance and attract investors suffer from a distinctive disadvantage. They speak for an uncertain government striving to survive amidst much hostility.

In a country where there is growing opposition to the exercise of absolute power, or where a Constitution is still being drafted by a controversial appointive body, and considering that labor unrest is prevalent and suspected to be engendered by communist provocateurs, who in his right mind would dare put his money here?

Perhaps we have placed the horse behind the cart. It seems the government has yet to define its policies to synthesize conflicting political interests through a more meaningful, more credible program of "national reconciliation."

Perhaps the new Opposition leaders may have a point in clamoring for an early national and local elections. Fr Joaquin Bernas of the Constitutional Commission may also be right in his concern over the exuberance and excessive powers of the Presidential Commission on Good Government.

After the Manila Hotel incident last week, no one can now deny that our people, including the military, are divided in their loyalty. There are significant lessons to learn from what we have all been through and if we apply them, we may even save our life as a people and as a nation.

Have we set our priorities correctly? Are they for the good of a few, or for the greater number? Is "national reconciliation" well-defined? Are parochial politics paramount? Is the national good held over and above all considerations?

We suggest our leaders view the landscape in its entirety and with the humility that is always the start of wisdom, they can begin assessing why we are in such a mess, and why foreign investors won't touch us with a ten-foot pole.

/12913
CSO: 4200/1234

AQUINO ACCUSES BUSINESSMEN OF LACKING COMMITMENT

HK210913 Hong Kong AFP in English 0844 GMT 21 Jul 86

[Text] Manila, 21 July (AFP)--President Corazon Aquino Monday chided the country's leading businessmen for hedging on investments and staunchly defended her labor policies.

"I remember your wild applause when I vowed to remove the obstacles that prevented you from being the engine of our economy. I have removed the obstacles, but where is the engine?" she told some 500 top Filipino and foreign Businessmen here.

Philippine big business, which largely back Mrs Aquino in the February election against 20-year incumbent Ferdinand Marcos, has recently criticised some of her government's policies as causing instability.

It has particularly hit out at the sequestration powers of a presidential commission tasked with the recovery of Mr Marcos's alleged ill-gotten wealth and Mrs Aquino's scrapping of restrictive labor laws. Businessmen have also urged her to sack Labor Minister Augusto Sanchez.

"You complain of uncertainty. I am telling you that it is uncertain because you are uncommitted." Mrs Aquino charged. "Business want to think of itself as the engine of the economy. But it looks to me like this engine wants to be pushed until it finds a gentle downward slope where it can coast along without effort," she added.

Mrs Aquino's hour-long speech was interspersed with what observers said appeared to be grudging applause, and some businessmen were overheard to be saying to one another during the speech: "She's scolding us."

However, she received two minute-long standing ovations, one before her speech and one afterwards, during which she apologized for her strong words.

On current labor unrest, Mrs Aquino said it was the "inevitable result of years of economic plunder and mismanagement" by the Marcos family. "What did we do during all those years to protect the interests of our workers? Is it any wonder that they now aspire to protect themselves?"

"It is in this context that I reiterate my conviction that Minister Sanchez is the man for the job under today's prevailing circumstances," she said, deflecting accusations that Mr Sanchez was pro-labor and anti-capital.

Mr Marcos, who ruled the country for 20 years until he was toppled in a popular uprising shortly after the disputed February election, is accused by the current administration of plundering the country's wealth.

Responding to criticism that the commission charged with recovering this wealth was abusing its powers, Mrs Aquino said: "Do you want these thieves to get away with it? Only those who were involved in the robbery of our nation have reason to fear it."

The president also pledged to hear recommendations from the Philippine Chamber of Commerce and Industry on her government's import liberalization program, which the chamber has said will kill off local business.

In an open forum, she refused to make commitments on whether to allow full foreign ownership of Philippine industries, saying this should be addressed by a 48-man panel now drafting a new constitution.

/12913
CSO: 4200/ 1234

WORLD BANK AGREES TO COFINANCE $400 MILLION

HK190907 Manila THE NEWS HERALD in English 18 Jul 86 p 8

[By Eleazar Lopez]

[Text] The World Bank has agreed in principle to guarantee some $400 million in commercial lending to the Philippines Central Bank [CB] Governor Jose B. Fernandez Jr., said.

Fernandez disclosed this to newsmen the other night during which he also expressed serious apprehension over the success of the recapitalization program involving the conversion into equity in local firms the commercial portion of the country's $26 billion debt.

The CB head said the proper arrangements on the co-financing program would be easily packaged once the World Bank is satisfied with reforms being undertaken on the government financial sector. The reforms center mainly on reducing the size and privileges of the Philippine National Band and the Development Bank of the Philippines to improve their viability. The reforms, which have been sent to President Corazon Aquino for approval, also call for a total cut in capital infusion into the two banks and the transfer of their entire non-performing assets to the national government.

"If the program is acceptable in every sense to the World Bank, we would get additional funds," Fernandez said adding that the target figure is about $400 million.

During the same talk, Fernandez expressed confidence that negotiations with the International Monetary Fund for a new standby credit arrangement would go on smoothly. He said the reform sought by the Fund and other creditors in other sectors like in the coconut and sugar industries, import liberalization and more importantly on government financial institutions are now being pursued extensively.

These are the major points, he explained, which the Fund had imposed before agreeing to consider the country's request for a standby credit.

Discussions would also touch on the level of budgetary deficit which the government wants set at P27 billion, he said. "We would insist on this figure," Fernandez said adding kiddingly that he would challenge Hubert Nciss, the main IMF negotiator to a fistfight, if they disagree.

"We're treading on virgin ground," Fernandez said in trying to explain the debt-to-equity conversion program. A circular is expected to be finalized today by the Monetary Board setting the broad outline of the program and providing for a period of consultation with interested groups.

/12913
CSO: 4200/1234

GOVERNMENT TO STRESS GROWTH IN TALKS WITH IMF

HK150425 Quezon City BUSINESS DAY in English 14 Jul 86 p 3, 9

[By Daniel C. Yu]

[Text] The government will insist on at least a 6 percent average growth in the gross national product (GNP) over the next five years in its talks with the International Monetary Fund (IMF) which start this week.

"We will have to impress upon them (IMF) that the new government is working on an economic program that calls for growth over the medium term," a senior government official working closely with the Philippine negotiating panel told BUSINESS DAY over the weekend.

Unlike some Latin American countries, most notably Peru, the official said the Philippines might opt for a fluctuating debt service ratio depending "principally on (our) ability to pay." This means that the Philippines will submit annual GNP growth targets for the next five years and the negotiators will then have to work back from these figures.

The official stressed that if the numbers jive with the rescheduling figures agreed upon with the Fund and the country's creditor-banks, there will be no problem in the negotiations for another multiyear rescheduling agreement.

Sources in the government disclosed that existing terms under the soon-to-expire agreement with commercial banks calling for a 10 year framework for debt rescheduling and a 5-year grace period may have to be relaxed further so the Philippines could post a positive growth in the coming years.

A longer repayment scheme would also be proposed to support efforts to revive the Philippine economy. The government this year under the revised budget program has opted for an expansionary plan despite the expected huge yearend budget deficit. Government data estimate the yearend budget deficit at P27 billion, despite the budgetary support coming from the United States under the bases agreement as economic support fund.

The deficit estimate was revised upward by P10 billion when the Aquino government decided on a growth program for the Philippines.

For the first quarter alone, the Philippines already incurred a deficit of P10 billion. Finance Minister Jaime V. Ongpin last Friday reported, however, that preliminary estimates on the budget deficit for the second quarter has shown a dramatic drop to P1 billion.

The growth-oriented budget program of the government is expected to be one of the critical issues to be debated with the Fund which has been pressing for measures to narrow the budget deficit.

To [as published] budget deficit will be one of the quantitative targets that will be discussed with the IMF together with a number of qualitative targets before a new standby agreement for the next 18 months could be reached.

Other quantitative targets include reserve money, net international reserves, net domestic borrowing of the national government, external accounts level, and Central Bank Credits to the state-owned Philippine National Bank (PNB).

The IMF will also discuss reforms made so far in the sugar and coconut sectors, the restructuring of government financial institutions and the implementation of the trade liberalization program.

Tying the country's debt service to foreign exchange receipts has been resorted to by Latin American countries as a means to assure the growth of their domestic economies.

In the case of the Philippines, IMF-imposed austerity measures have resulted in an overall drop of some 10 percent of economic activity in the last two years, a slowdown in the industrial sector and layoff of thousands of workers.

Of the 4.6 billion export earnings generated by the Philippines last year, some 3.1 billion went directly to service the country's foreign loans--both for principal and interest repayments. This partly explains why the economy practically ground to a halt during the last two years since very little was left for development purposes.

In the case of Peru, which some senior Philippine officials have cited as a possible model for a new debt formula for the country, the government of President Allan Garcia since mid-1985 has pegged debt payment to just 10 percent of total export earnings. Garcia has stressed that the debt issue is a question of a nation's sovereignty over its economic policy and as such no international body, including the IMF, should intervene in a purely internal area.

During a recent visit to the country, Dr. Uwe Henke von Parpart, director of research at Fusion Energy based in Washington D.C., told members of the Philippine Economic Society that due to this policy, Peru is expecting a gross domestic growth of 5.5 percent this year.

/12913
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AGENCY POSTPONES 'MOTHBALLING' SUGAR MILLS

HK210643 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 19 Jul 86 p 9

[By Rose de la Cruz]

[Text] The Sugar Regulatory Administration (SRA) has postponed to next year the mothballing of 8 to 21 sugar mills. It has also pegged at 1.4 million metric tons the country's sugar production for the crop year 1986-87 or lower than the current crop of 1.7-1.8 million tons.

The implementation of the planned closure of the sugar mills, SRA sources said, will be made after the completion of a package that calls for the restructuring of the P12 billion debt of the mills to the Philippine National Bank (PNB) and creation of employment opportunities for the mill's displaced workers.

The SRA said it reduced next crop year's sugar production target because of a cutback in the country's share in the U.S. sugar quota from 208,000 tons this year to only 112,000 tons next year. SRA said that it is also anticipating the adverse impact on the local sugar industry of the U.S. Congress decision to phase out American sugar importation by 1988. The SRA also explained it had to drastically reduce production targets because of bulging sugar stocks in the country, which would swell further come harvest and milling by September.

Besides, world market prices for sugar, especially for Philippine sugar traded on the spot market, are not improving and thus endanger the profitability of local mills and refineries, the SRA disclosed. The SRA said that next year's sugar output will be allocated as follows: 112,000 tons for the U.S. market; 700,000 tons for the local market; 140,000 tons for other foreign markets; and 448,000 tons as buffer stocks.

The policies on the mothballing and sugar production quotas are contained in Sugar Order No. 1 issued by the SRA on 15 July. Other measures the SRA has drawn up to assist the ailing sugar industry follow:

--Reduction in the interest rates on sugar loans from the present 24 percent to 17 percent.

--Reduction in penalties on loan defaults or maturing loans, now at 12 percent. The SRA did not say the extent of the cut in penalties.

/12913
CSO: 4200/1234

BRIEFS

ROBBERIES PROBED--The military is conducting a probe of its soldiers who are not reporting for work, in connection with a rash of hold-ups and robberies in Pangasinan and La Union. Regional Unified Command Chief Colonel Jesus Dela Cruz reports that robberies committed in the two provinces bear the same modus operandi--the robbers have been using high powered arms like Armalites, similar to those used in the Army. Dela Cruz speculates that the criminals may be under the protection of some people in the military. Meanwhile in Cebu, the military is filing charges of multiple murder against six communist rebels who killed several people in 1985 and the early part of this year. The six are believed to be members of the Sparrow Unit, the NPA's liquidation squad. The suit against the six men has been filed by the provincial commander of Cebu, Lieutenant Colonel Rodolfo Garcia. The charges state that the Sparrow Unit in Cebu is engaged in indiscriminate murders and the disruption of military installations in that province. [Text] [Quezon City Radyo ng Bayan in Tagalog 0700 GMT 17 Jul 86 HK] /12913

NACIONALISTAS WANT ELECTIONS--Nacionalista Party [NP] secretary general and former member of Parliament Rene Cayetano said the Nacionalista Party will insist on the holding of presidential elections 60 days after the ratification of a new constitution. In a meeting with leaders of the party in Cebu city, Cayetano said the NP will also insist on the holding of local elections not later than November next year to save this country from being gobbled up by the communists. The NP secretary general told local party leaders the ratification of the constitution is not enough to stabilize President Aquino's government. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 13 Jul 86 HK] /12913

POLICE ACTION AGAINST NEGROS--The military has launched a massive police action against some 20 communist guerrillas who recently attacked a PC [Philippine Constabulary] patrol base on the outskirts of Hinubaan, Negros Oriental, wounding three soldiers and a woman. Camp Aguinaldo said the New People's Army attack on the detachment in Barangay Talagakay, Hinubaan, was repulsed. The attack was followed by two ambuscades staged by the rebels against reinforcements of the 7th Infantry Battalion, resulting in the death of two soldiers and a civilian and the wounding of four troopers. The attack was launched [words indistinct] the leader of Task Force Sugarland. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 20 Jul 86 HK] /12913

ENRILE CLAIMS AQUINO BACKING--Defense Minister Juan Ponce Enrile yesterday [11 July] said all his actions in handling the Manila Hotel fiasco were sanctioned by President Aquino. Enrile made this statement in answer to a query during a television taping interview "no holds barred" program sponsored by the Manila Overseas Press Club in Makati. Enrile said he phoned the president in Malacanang about information he received from the loyalist soldiers who were holed up at the hotel and would like to get out in 24 hours, provided that they would be assured of their safety. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 11 Jul 86 HK] /12913

MINDANAO 'LOST COMMAND' SURRENDERS--The "lost command" led by retired Colonel Carlos Lademora, surrendered 46 high-powered firearms to the military, in response to the government's appeal to paramilitary units. Regional Command (Recom) 10 deputy commander, Colonel Agerico Kagaoan said that the return of the firearms is part of the ongoing negotiations between the military and the armed groups in the region. Last month, the same group turned over 18 highpowered firearms. Recom records show that the 46 guns returned are 20 carbines, 9 grenades, 10 M-16's, 1 machine gun, 1 FAL rifle, 1 infield gun and 2 shotguns. During simple turnover rites at the provincial headquarters at Prosperidad, Agusan del Sur, Lademora said he would return more firearms if the military keeps its promise to secure his mining claim at the boundary of Agusan del Sur and Surigao del Sur and Surigao del Sur against any terrorist infiltrators. [Figures as Published] [Text] [Davao City DAVAO STAR in English 2-6 Jul 86 p 3 HK] /12913

PIMENTEL ON ELECTION PROBLEMS--Local Government Minister Aquilino Pimentel Jr said he will request President Aquino to allow officers-in-charge [OIC's] to stay out and not resign 90 days prior to the elections early next year. Speaking before the Philippine Columbian Association, Pimentel noted that since the OIC's are likely to be opposed by those they have replaced, they must be given a fighting chance in the electoral exercise. Their opponents, having been in office for a decade or so, are well entrenched and amply funded. The OIC's are new and need more time to prove their worth. If they were to resign three months before the elections, they will be at a disadvantage. He said opposition KBL are trying hard to discredit to the OIC's in preparation for the local elections. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 11 Jul 86 HK] /12913

CSO: 4200/1234

PREM ORDERS CLOSE WATCH ON COMMERCIAL BANKS

BK140155 Bangkok BANGKOK POST in English 14 Jul 86 p 13

[Article by Chuphong Maninoi]

[Text] To prevent a similar problem as that of First Bangkok City Bank, Prime Minister Prem Tinsulanon has instructed the Bank of Thailand to closely examine and supervise other commercial banks' performances, a Cabinet source told the BANGKOK POST at the weekend.

The instruction was given during an informal meeting between Gen Prem and Bank of Thailand Governor Kamchon Sathirakun at Government House at the weekend before the prime minister left for the North.

The source said that Prime Minister Prem had expressed dissatisfaction over the central bank's performance in settling the problems of First Bangkok City Bank.

The premier was quoted as blaming Mr Kamchon and the central bank and said that First Bangkok City Bank's problems should have been settled since the very beginning and that the suspect involved should not have been allowed a chance to escape.

"Pa (Prime Minister Prem) was very upset and blamed the central bank for not taking effective measures to prevent the suspect from escaping. Pa noted that the central bank should not let it develop like the case of the Asia Trust Bank," the source said.

Gen Prem was upset because the failure of the central bank to prevent First Bangkok City Bank's former executive from escaping had severely affected the government's reputation and popularity.

The Bank of Thailand filed charges against FBCB's former president, Khamron (Coro) Techaphaibun, last week. However, Mr Coro reportedly escaped to Taiwan about two weeks before the charges were actually filed.

However, Mr Kamchon reportedly told the premier that the central bank had already prepared a package of measures to settle the bank's problems and he assured that all depositors would not be affected.

He also told Prime Minister Prem that many business groups were interested in investing in new shares of the bank.

He added that it may take some time in negotiating with these investor groups.

But he assured that the bank's problems would be settled soon as the central bank had sent its officials to take control of the bank for a certain period and also that many problems have already been cleared.

However, the source said Gen Prem was not satisfied with Mr Kamchon's report, but as the central bank was an independent organisation in governing the country's monetary system and is not under the direct control of the prime minister, Gen Prem, therefore, could only informally instruct the central bank to closely supervise other banks so that no such problem occurs again.

Prime Minister Prem also instructed the central bank to carefully use the power granted by the amended Commercial Banking Act to curb problems in the banking system.

Regarding the FBCB problem, the source said that Gen Prem had been informed of the details since the beginning, and that the premier expressed concern over the burden of the Rehabilitation and Development Fund in shouldering the financial loads of troubled banks and financial companies.

Meanwhile, a central banking source said that the recent meeting of the Bank of Thailand's Court of Directors had also discussed the banking problems, and recommended that the central bank report their activities in solving the problems to the court so that it may give suggestions.

But the source believed that the court meeting's recommendation may be ignored by the central bank as the Bank of Thailand governor was also chairman of the court and not under its control.

/6662
CSO: 4200/1246

EX-CPT MEMBER VIEWS POLITICAL PARTIES' CAMPAIGN

BK100155 Bangkok THE NATION in English 10 Jul 86 p 2

[Text] Democratic Labour Party leader Prasoet Sapsunthon yesterday lashed out at major political parties for their ways of campaigning which he described as dictatorial methods.

Speaking on television last night, Prasoet alleged the current election rallies pursued by major parties contesting the upcoming poll are full of dirty tricks like vote-buying and money-dumping.

"The Democratic Labour Party will never resort to such election strategies because we regard it as dictatorial. But we'll try to persuade the people to have faith in the party and let the people decide whether they will elect us or not," said Prasoet, a former leading member of the outlawed Communist Party of Thailand (CPT).

Prasoet, believed to be the architect of the government's anti-communism policy, said no candidate or party deserves to represent the people as they have ruined the country since the revolution of 1932. "Since then, no single political party has successfully resolved national problems," he charged.

Prasoet noted that despite abundant natural resources, Thai people still face poverty, deteriorating unemployment as well as high amount of foreign debts. To cure the current economic woes, he said more investments must be channeled to the people through the cooperative system.

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CSO: 4200/1246

LABOR LEADERS SPLIT ON POLITICAL INVOLVEMENT

BK070142 Bangkok THE NATION in English 7 Jul 86 p 3

[Text] A group of labour activists yesterday issued a joint communique opposing the decision of the Thai Trade Unions Congress (TTUC) to get involved in politics by endorsing a political party in the upcoming general election.

The joint communique, issued by members and non-members of the TTUC, also attacked TTUC leader Phaisan Thawatchainan, who is leading the move by the country's major labour organization to help the Community Action Party (CAP) candidates in their election campaigns.

The communique demanded the resignation of Phaisan who it said had used his post as labour leader to pave the way for his involvement in politics.

The TTUC last month announced officially that it endorsed the CAP of former Deputy Prime Minister Bunchu Rotchanasathian and said it would send candidate to run under CAP banner in the July 27 general election.

Phaisan recently said that the organization's decision to support the CAP was made by the executive committee of the TTUC, not himself, adding that he was not the initiator of the move.

He also said that the endorsement was a temporary one and that the TTUC did not have long-term commitment with the CAP.

Meanwhile, sources in the TTUC said that the organization [word indistinct] from among labour leaders and triggered off conflicts within the executive committee.

Ekkachai Ekhankamon, deputy president of the TTUC, was also among those who openly opposed the TTUC's endorsement of the political party, the sources said.

The deputy president of the TTUC said last month that most workers were not yet prepared to enter politics and the decision to support a party in the upcoming poll would have "dangerous consequences" for the labour movement in the future.

The sources said Watthana Iambamrung, leader of a labour union affiliated to the TTUC, had resigned as a member of the organization's executive committee because of his opposition to the decision to get involved in politics.

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CSO: 4200/1246

SUA'S BORDER VILLAGE ATTACK REPORTED

Khun Sa Troops Warned To Pull Out

BK100849 Bangkok BANGKOK WORLD in English 10 Jul 86 p 1

[Text] Chiang Rai--Military authorities are preparing to push out some 80 soldiers loyal to drug kingpin Khun Sa from a border village after three civilians were killed in an attack last week, military sources said this morning.

Col Anan Bamrungphruk, commander of Task Force 327 based at Chiang Mai, said he had despatched a letter to the Shan United Army [SUA] soldiers holding out at Ban Pa Bu proposing peaceful negotiations for their withdrawal, failing which they would face an expulsion operation.

Col Anan said he had made clear that the operation would be bolstered by Border Patrol Police forces from Chiang Mai.

A total of 285 Muser hilltribe villagers have sought help from authorities as a result of the attack at Ban Pa Bu in Tambon Pa Tuang of Mae Chan District last Thursday, Provincial Chief Welfare Officer Thamniap Thiradet said.

The dead villagers were identified as a Mr Ja-oue, aged 58, his wife, and son, Ja-or. Two others were seriously injured.

According to Mr Thamniap, the SUA soldiers at about 6 p.m. on Thursday took positions around the village located at about five kilometres from the Burmese border in an attempt to obtain food supplies.

The SUA then sent three delegates into the village to negotiate with Mr Ja-oue for food, he added.

When Ja-oue refused to cooperate with the armed men, he was shot. His wife and son were gunned down when they tried to rescue him, he added.

After the shooting, the hilltribe villagers took up positions in their homes and started to shoot at the intruders in self-defence.

After the shoot-out that lasted for two hours, all the villagers retreated into the jungles, he said.

The Muser tribesmen then split into two groups in their escape to refuge. One group, comprising 195 people, walked for a whole day and night before they arrived at a hilltribe village at Ban Mae Salong run by the Public Welfare Department, he said.

Forces Leave, Villagers Return

BK110739 Bangkok BANGKOK WORLD in English 11 Jul 86 p 3

[Text] Chiang Rai--Some 80 soldiers loyal to drug kingpin Khun Sa have withdrawn from a border village which they occupied after last Thursday's attack that left three civilians dead, an informed source told the WORLD this morning.

All Muser hilltribe villagers who fled the attack on Ban Pabu in Mae Chan District have also returned home, the source said.

He said the Shan United Army (SUA) men attacked Ban Pabu after the villagers refused to deliver food supplies to them. The armed men were also angry at some villagers who informed Thai authorities about their movement, the sources said.

Provincial Chief Welfare Officer Thamniap Thiradet yesterday identified the dead villagers as a Mr Cha-u, aged 58, his wife, and son, Cha-o.

Mr Thamniap said the SUA soldiers at about 6 p.m. on Thursday took positions around the village, located at about five kilometres from the Burmese border, in an attempt to obtain food supplies.

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CSO: 4200/1246

OVER 500 KARENS FLEE FROM BURMESE ATTACK

BK121008 Bangkok BANGKOK WORLD in English 12 Jul 86 p 32

[Text] Mae Sot, Tak--More than 500 Karen civilians fled into Thailand yesterday to the area of Tha Song Yang District on this northern province after Burmese forces bombarded the Karen rebel camp at Klerday, opposite Tha Song Yang District, border patrol police reported today.

A large number of stray artillery shells landed on the Thai side and two Karens were reported killed by the stray shells while others were wounded in the attack, the sources said.

Three battalions of Burmese forces comprising about 1,000 soldiers, bombed the area with 120 mm artillery and 81 mm mortars at the Karen stronghold under the seventh brigade for the entire day yesterday, driving civilians comprising women and old aged persons and children across the Moei River to Thailand at Huai Manot village and also at Sho Khlo camp inside Thailand where some 4,000 displaced Karens from Burma are living.

Since the Burmese forces launched a heavy suppression campaign against the Karen rebels some three years ago, more than 18,000 Karen displaced persons are now living temporarily in Thailand at seven main camps along the Moei River and five other smaller camps near the Salween River. Both rivers form the common border between Thailand and Burma in northwestern Tak and Mae Hong Son provinces.

A top Interior Ministry official in charge of Karen refugee affairs and Indochina refugees at campsites yesterday told the WORLD that the displaced persons would continue to live at the camps for an indefinite period as it will endanger them if they are sent back.

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CSO: 4200/1245

CONDOLENCES RECEIVED ON DEATH OF LE DUAN

Messages From European, Other Communists

OW191747 Hanoi VNA in English 1506 GMT 19 Jul 86

[Text] Hanoi, 19 Jul (VNA)--Vietnamese leaders have received more messages of condolence over the death of party General Secretary Le Duan.

They were from Herbert Mies and E. Veber, chairman and vice chairman of the German Communist Party; Rolf Hagel, chairman of the Workers' Communist Party of Sweden; Gilberto Ghotti, general secretary of the San Marino Communist Party; Athos Fava, general secretary of the Communist Party of Argentina; Rodney Arismendi, general secretary of the Communist Party of Uruguay; Eric Trevett, general secretary of the New British Communist Party; Richard Andrianmanjate and Gissele Rabesahala, chairman and general secretary of the Madagascar Independence Congress Party; and Thomas Sankara, chairman of the National Revolutionary Council, president of Burkina Faso.

More Condolences From Foreign Leaders

OW200849 Hanoi VNA in English 0725 GMT 20 Jul 86

[Text] Hanoi, 20 Jul (VNA)--Vietnamese leaders have received more messages of condolences over the death of party General Secretary Le Duan.

They came from Maumoon Abdul Gayoom, president of the Republic of Maldives; the Central Committee of the National Union of Cumeroon; the representative of the Palestine Liberation Organization in Iraq; Nayef Hawatmeh, secretary general of the Central Committee of the Democratic Front for the Liberation of Palestine; George Habash, secretary general of the Central Committee of the Popular Front for the Liberation of Palestine; the Central Committee of the National Front for Liberation of Congo; and the Vietnamese Residents' Association in the Federal Republic of Germany.

Foreign Organizations, Officials

OW210835 Hanoi VNA in English 0732 GMT 21 Jul 86

[Text] Hanoi, 21 Jul (VNA)--Condolences over the death of the late General Secretary Le Duan have been received from: the Union of Soviet Societies of Friendship and Cultural Relations with Foreign Countries and the Soviet-Vietnamese Friendship Society, the Union of Kampuchean Revolutionary Women, the Women's International Democratic Federation, Rene Aiger, secretary general of the Afro-Asian and Latin American People's Solidarity Organization (OSPAAAL), the general secretary of the Bureau of the West Pacific Organization of Who, the Australia-Vietnam Society, the Vietnamese Resident's Union in Australia, the Amalgamated Workers' Union of Australia, the Central Committee of the Japanese Socialist Youth League, Hun Sen, minister of Foreign Affairs of Kampuchea, various Kampuchean and Lao mass organizations and unions, Kim Yong-nam, minister of foreign affairs of the DPRK, R. Premadasa, prime minister of Sri Lanka, C. N. Almansu, secretary of the general People's Committee for Foreign Affairs of Libya, Jean-Bernard Raimond, minister for external relations of France, Shintaro Abe, minister for foreign affairs of Japan, the International Committee of the Arab Ba'th Socialist Party (Ba'th) of Iraq, other international mass organizations and associations of friendship with Vietnam in many foreign countries.

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CSO: 4200/1233

TRUONG CHINH CONGRATULATED BY PRK'S HENG SAMRIN

BK161031 Hanoi International Service in English 1000 GMT 16 Jul 86

[Text] Heng Samrin, general secretary of the KPRP Central Committee, sent a message of greetings on Tuesday to Truong Chinh on his election as general secretary of the CPV Central Committee. The message says:

On behalf of the Central Committee of the KPRP and in my own name, I would like to send you brotherly sentiments and sincere congratulations on your election as general secretary of the CPV Central Committee. I am convinced that under the clear-sighted and judicious leadership of the CPV headed by you, the heroic and staunch Vietnamese people, full of creation and ardent patriotism, will certainly gain more new achievements in the building and development of the country, advancing toward socialism, thus contributing to safeguarding peace and stability in Southeast Asia and the rest of the world.

I wish for the constant consolidation and development of the friendship, militant solidarity, and cooperation between the peoples of the two countries. I wish you good health, longevity, and more brilliant achievements in your activities in your noble and responsible post.

/9274
CSO: 4200/1233

NHAN DAN EXALTS NICARAGUAN REVOLUTION

OW191528 Hanoi VNA in English 1524 GMT 19 Jul 86

[Text] Hanoi, 19 Jul (VNA)--The daily NHAN DAN today says that Vietnam considers its solidarity with and support for the Nicaraguan revolution an internationalist obligation.

Marking the 7th anniversary of the victory of the Nicaraguan revolution today, the paper says: "Over the past 7 years, in their national construction and defence Nicaraguan people courageously overcoming innumerable difficulties and trials caused by the enemy and natural calamities, have successfully safeguarded their revolutionary gains and inflicted initial setbacks on the aggressive scheme of the U.S. imperialists. That is a great epic of a small country close to the United States. That is another proof of the continued strategic offensive of the three revolutionary currents, and of the weakening position of the U.S. imperialists and international reaction whose expansionist capacity, although reinforced, remains limited."

The paper strongly condemns the Reagan administration's helping the Contra reactionaries sabotage the Nicaraguan revolution as a serious violation of the sovereignty of young revolutionary Nicaragua, an independent country, a member of the United Nations and a gross infringement on international law and the UN Charter. 'All progressive (?mankind) categorically condemns the U.S. reactionary (?plan against) Nicaragua and the U.S. policy of aggression in central Africa' [as received] the paper underlines.

It continues:

"The Vietnamese people are elated at the heroic Nicaraguan people's remarkable achievements in their production activities and living conditions are being gradually stabilized [words indistinct] are ensured. The revolutionary administrations at all levels have been consolidated and strengthened. [words indistinct] grown up in all fields have dealt well deserved punitive blows at [words indistinct] have illega-ly intruded into Nicaragua for saborage activities."

"The peace, justice and freedom-loving people all over the world always stand beside the Nicaraguan people," the paper stresses.

/9274
CSO: 4200/1233

LEADERS GREET HUSAYN ON IRAQI NATIONAL DAY

OW162108 Hanoi VNA in English 1523 GMT 16 Jul 86

[Text] Hanoi, 16 Jul (VNA)--Truong Chinh, general secretary of the Communist Party of Vietnam Central Committee and president of the State Council, and Pham Van Dong, chairman of the Council of Ministers, have sent a joint message of greetings to President Saddam Hussayn on the 18th national day of the Republic of Iraq.

The message said the Vietnamese people greatly rejoiced at the fine development of the relations between the two countries.

Foreign Minister Nguyen Co Thach has sent his greetings to his Iraqi counterpart, Tariq Aziz.

Also on this occasion a film show was held at the friendship house where today under the co-sponsorship of the Vietnam Committee for Solidarity and Friendship with other peoples, the Vietnam AAPSO Committee and the Vietnam-Iraq Friendship Association.

Hoang Anh, president of the Vietnam-Iraq Friendship Association, and the Iraqi charge d'affaires a. i., here were present at the film show.

/9274
CSO: 4200/1233

BRIEFS

ECONOMIC DELEGATION IN HAVANA--Hanoi, 16 Jul (VNA)--A Vietnam Government economic delegation led by Vu Dinh Lieu, member of the Central Committee of the Communist Party of Vietnam and vice chairman of the Council of Ministers, arrived in Havana yesterday to attend the 9th session of the Vietnam-Cuba Intergovernmental Commission for Economic, Scientific and Technical Cooperation. It was welcomed at the airport by Diocles Torralbas Gonzalez, member of the Central Committee of the Communist Party of Cuba and vice chairman of the Council of Ministers, and others. Also present were Vietnamese Ambassador Hoang Luong, Lao Ambassador Southavon Keola, and Kampuchean Ambassador Long Visalo. [Text] [Hanoi VNA in English 1542 GMT 16 Jul 86 OW] /9274

TRIBUTE TO LAO LEADER--Hanoi, 16 Jul (VNA)--A delegation of the National Assembly of the Socialist Republic of Vietnam led by its Vice Chairman Nghiem Xuan Yem today paid a floral tribute to the late vice president of the People's Supreme Assembly of Laos and of the Central Committee of the Lao Front for National Construction, Phaydeng Lobliazao, at the Lao Embassy here. The delegation included Hoang Minh Giam, member of the National Assembly Committee for Foreign Relations (NACFR) and president of the Vietnam Committee for Solidarity and Friendship with Other Peoples; and Nguyen Viet Dung, member of the NACFR and directof of the Office of the National Assembly and of the State Council. [Text] [Hanoi VNA in English 1513 GMT 16 Jul 86 OW] /9274

COOPERATION WITH MPR--Hanoi, 16 Jul (VNA)--A five-year plan of cooperation for 1986-90 and a protocol on cooperation and friendship for 1986 was signed here this morning between the Vietnam-Mongolia Friendship Association (VMFA) and its Mongolian counterpart (MVFA). The signatories were Nguyen Quang Xa, president of the MVFA), and Jambyl Jamyan, president of the MVFA and head of a MVFA delegation now on a visit to Vietnam. The signing was witnessed by Trinh Ngoc Thai, deputy head of the CPV Central Committee's International Department and general secretary of the Vietnam Committee for Solidarity and Friendship with Other Peoples, and Mongolian Ambassador Gelegiyn Adiyaa. [Text] [Hanoi VNA in English 1517 GMT 16 Jul 86 OW] /9274

FRENCH NATIONAL DAY RECEPTION--Hanoi, 16 Jul (VAN)--Louis Amigues, French ambassador to Vietnam, gave a reception here this evening in honour of the French national day. His guests included Tran Quynh, vice chairman of the Council of Ministers; Phan Hien, minister of justice; Dang Huu, head of the

State Commission for Science and Technology; Hoang Bich Son, deputy foreign minister; and other high ranking officials. Representatives of the diplomatic corps and international organizations here also attended. [Text] [Hanoi VNA in English 1522 GMT 16 Jul 86 OW] /9274

SOVIET OFFICIAL LECTURES--Hanoi, 19 Jul (VNA)--V. N. Baryshnikov, lecturer of the Central Committee of the Communist Party of the Soviet Union, paid a visit to Vietnam from 3-14 July to report on the 27th CPSU Congress and the external policy of the CPSU. He was received by Dao Duy Tung, member of the Communist Party of Vietnam Central Committee and head of its Commission for Information and Training. [Text] [Hanoi VNA in English 1505 GMT 19 Jul 86] /9274

TALK HELD ON NICARAGUAN SITUATION--Hanoi, 19 Jul (VNA)--A talk on the Nicaraguan situation marking the 7th national day of Nicaragua was held here today under the joint sponsorship of the Vietnam Committee for Solidarity and Friendship with Other Countries, the Vietnam-Nicaragua Friendship Association and the Peace Committee. The participants were briefed on the situation in Nicaragua and Central America and the U.S. scheme to use its stooges to sabotage the Nicaraguan revolution. They also learnt about the achievements recorded by the Nicaraguan people since independence and their friendship and solidarity with the Vietnamese people. [Text] [Hanoi VNA in English 1501 GMT 19 Jul 86 OW] /9274

BRIDGES IN LAOS--Hanoi, 18 Jul (VNA)--The Vietnamese Ministry of Transport and Communications and the Lao Ministry of Transportation, Posts and Telecommunications have opened to traffic four ferroconcrete bridges built with Vietnamese assistance on Highway No 9. These two-lane bridges have been commissioned in celebration of the 9th anniversary of the signing of the Vietnam-Laos Treaty of Friendship and Cooperation (18 July). They are Nape Bridge, 108 metres long, Nam Huong, 65 metres long, Nam Fuong, 40 metres long, and Huoi Pung, 34 metres long, and all of them 8 metres wide. Also built with Vietnamese assistance is highway No 8, 200 km long, including 131 km on Lao territory. This highway, which comprises 53 bridges and 347 sluices, is the first state-level cooperation project undertaken by the two countries. Through two years of construction 30 km of asphalted road and eight ferroconcrete bridges have been constructed. [Text] [Hanoi VNA in English 0801 GMT 18 Jul 86 OW] /9274

OUTGOING JAPANESE ENVOY--Hanoi, 18 Jul (VNA)--The ambassador extraordinary and plenipotentiary of Japan to Vietnam, Koichi Tsutsumi, today took leave of Chairman of the Council of Ministers Pham Van Dong before leaving Vietnam at the end of his term. Chairman Pham Van Dong had a cordial talk with the Japanese ambassador. [Text] [Hanoi VNA in English 1534 GMT 18 Jul 86 OW] /9274

NEW BULGARIAN AMBASSADOR---Hanoi, 18 Jul (VNA) -Georgi Todorovvassev, [spelling of name as received] the new Bulgarian ambassador to Vietnam, today paid a courtesy visit to Chairman of the Council of Ministers Pham Van Dong. [Text] [Hanoi VNA in English 1536 GMT 18 Jul 86 OW] /9274

ROMANIAN AMBASSADOR RECEIVED--Hanoi, 16 Jul (VNA)--Nguyen Huu Tho, chairman of the National Assembly, has received here Constantin Potinga, ambassador of the Socialist Republic of Romania to Vietnam. The Romanian diplomat conveyed to Chairman Nguyen Huu Tho a statement of the Romanian Grand National Assembly on the international year of peace. He said that the Romanian people will do everything in their power to stop the arms race, and achieve disarmament, especially nuclear and chemical disarmament in order to defend peace and security for all nations, thus contributing to the fulfillment of the objectives in the international year of peace. Chairman Nguyen Huu Tho praised the active contributions of the Romanian people in the international year of peace, and reaffirmed the support of the Vietnamese National Assembly and people for the statement of the Romanian Grand National Assembly. [Text] [Hanoi VNA in English 1529 GMT 16 Jul 86 OW] /9273

CPV MEMBERS AT PZPR NEWS CONFERENCE--Hanoi, 16 Jul (VNA)--Polish Ambassador Marian Ejma Multanski on 15 July called a press conference to introduce the success of the 10th Congress of the Polish United Workers' Party and to mark the 42nd national day of Poland (22 July). Present on the occasion were representatives of the Foreign Ministry, the CPV Central Committee International Department, the Vietnam-Poland Friendship Association, and others. Also to mark these events a talk was arranged here this morning jointly by the Vietnam Committee for Solidarity and Friendship with other peoples and the Vietnam-Poland Friendship Association. Present were Nguyen Chan, alternate member of the CPV Central Committee and president of the host association, and Polish Ambassador Marian Ejma Multanski. [Text] [Hanoi VNA in English 1526 GMT 16 Jul 86 OW] /9274

HENG SAMRIN CONGRATULATIONS--Hanoi, 16 Jun (VNA)--President Truong Chinh has received the following message of congratulations from Heng Samrin, general secretary of the People's Revolutionary Party of Kampuchea Central Committee on his election as general secretary of the Central Committee of the Communist Party of Vietnam: "We are firmly convinced that under the clearsighted leadership of the CPV with you at the head, the heroic, talented and patriotic Vietnamese people will obtain new greater successes in building their homeland and advancing it towards socialism, thus contributing to the defence of peace and stability in Southeast Asia and the world over. May the ties of friendship, militant solidarity and multiform cooperation between our two parties and the people of our two countries develop and consolidate with every passing day." [Text] [Hanoi VNA in English 1510 GMT 16 Jul 86 OW] /9274

FINNISH ENVOY SAYS FAREWELL--Hanoi, 15 Jul (VNA)--Finnish Ambassador to Vietnam Esko Lipponen today paid a farewell visit to Chairman of the Council of Ministers Pham Van Dong before leaving here for home for a new mission. Chairman Pham Van Dong had a cordial talk with the Finnish diplomat. [Text] [Hanoi VNA in English 1643 GMT 15 Jul 86 OW] /9274

JAPANESE, FINNISH ENVOYS--Hanoi, 15 Jul (VNA)--Japanese Ambassador to Vietnam Koichi Tsutsumi and Finnish Ambassador Esko Lipponen on 12 July paid farewell visits on separate occasions to Nguyen Huu Tho, chairman of the National Assembly and vice-president of the State Council, before their departure here for home for new assignments. Chairman Nguyen Huu Tho had cordial talks with the two ambassadors. [Text] [Hanoi VNA in English 1644 GMT 15 Jul 86 OW] /9274

OUTGOING ITALIAN AMBASSADOR--Hanoi, 17 Jul (VNA)--Italian Ambassador Lodovico Massetti today paid a farewell visit to Chairman of the Council of Ministers Pham Van Dong before going home for a new assignment. Chairman Pham Van Dong had a cordial talk with the home-going diplomat. [Text] [Hanoi VNA in English 1532 GMT 17 Jul 86 OW] /9274

POLISH POSTER EXHIBITION OPENS--Hanoi, 20 Jul (VNA)--An exhibition on posters of the Asia and Pacific Museum in Warsaw was opened here today under the co-sponsorship of the Plastic Arts Workers Association (PAWA) and the Polish Embassy on the coming Polish national day (22 July). Present at the opening ceremony were Duong Vien, general secretary of the PAWA, and Polish Ambassador Marian Ejma Multanski. Forty-one of the 64 posters of the Polish museum are on show. [Text] [Hanoi VNA in English 1522 GMT 20 Jul 86 OW] /9274

HENG SAMRIN DEPARTS AFTER LE DUAN FUNERAL--Hanoi, 16 Jul (VNA)--The party and state delegation of the People's Republic of Kampuchea led by Heng Samrin, general secretary of the Kampuchean People's Revolutionary Party Central Committee and president of the State Council, left here today after attending the funeral service for the late Vietnamese Party General Secretary Le Duan. It was seen off by Truong Chinh, general secretary of the Communist Party of Vietnam Central Committee and President of the State Council; Pham Van Dong, political bureau member of the Party CC and chairman of the Council of Ministers; Do Muoi, political bureau member of the Party CC and vice chairman of the Council of Ministers, and other senior officials. [Text] [Hanoi VNA in English 1515 GMT 16 Jul 86 OW] /9274

DAILY ON COMMONWEALTH GAMES BOYCOTT--Hanoi, 18 Jul (VNA)--The boycott of the Commonwealth Games by many member countries is a fitting answer to the British policy of encouraging racist South Africa, says the army paper QUAN DOI NHAN DAN in a commentary today. The decision by eight countries, namely Tanzania, Kenya, Ghana, Nigeria, Uganda, Malaysia, Bahamas and Papua to pull out of the games to be opened in Edinburgh, Scotland, on 24 July together with India's decision to postpone indefinitely its team's participation, is a strong condemnation of London's policy of tailing after Washington in supporting the Pretoria racists who have of late shown extreme impudence in their aggressive acts against neighbouring countries. [Text] [Hanoi VNA in English 1532 GMT 18 Jul 86 OW] /9274

CSO: 4200/1233

REMOVAL OF INCAPABLE CADRES, OPPORTUNISTS SUGGESTED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 23 Apr 86 p 1

[Article by Engineers Ho Minh Quang and Hong Minh: "Quick Removal of Obstacles to Economic Development: Cumbersomeness, Impracticality, and Inefficiency of State Machinery; Leading Cadres' Incompetence in Economic Organization and Management; Damage Done to Economy by Deviant and Opportunist Elements"]

[Text] Why has the economy of our country met with increasing difficulties in the more than 10 years since national liberation and reunification? We can assert that the objective causes are neglible while the subjective ones are major. Realities have clearly demonstrated that because of their cumbersomeness, the state machinery and party organs--especially the administration from the central level down including ministries and various agencies such as departments, services, corporations, enterprises, factories, etc.--have barely kept abreast of the actual situation so that the tasks done by them have proven ineffective. This is the principal reason for the impossibility of setting many plan norms and, if they were ever set, for their unrealistic character, for the subsequent need to readjust them, or for the impossibility of implementing them. Indeed, many norms have been set by party congresses but have proven inaccurate or inapplicable or cannot possibly be set for control purposes. Many ministries, services, corporations, enterprises, factories, etc. reported that they had fulfilled the plan but actually very low effectiveness was obtained and their contributions to the state budget were insignificant. Many production installations falsely reported plan fulfillment but in truth the plan was either unfulfilled or perfunctorily implemented just to "score achievements" to please the higher echelon.

Accumulation of all these weaknesses from centrally run to local installations has brought about serious consequences to our national economy for more than 10 years. But where have these weaknesses stemmed from? In fact, they have been caused by the leading cadres' insufficient knowledge of economic organization, analysis, and management--to say so in the strictly technical and scientific sense of the word. It is precisely these leading cadres who greatly hampered economic development in the Soviet Union. These cadres often purposely clinged to their current positions not for love of country and the people and socialism and communism but only to earn fame and high positions and to serve their individual interests. Sometimes they became mean and wicked, formed their own clans, and established secret relations with various echelons to protect their own "seats." With subtlety and often great cunningness, they restricted or eliminated cadres who were upright, worked effectively, and had technical skills. They were terribly afraid the young cadres with technical skills might thrive and divest them of all their possessions.

That is why before and after the 27th Congress of the CPSU, many cadres in the Politburo, Central Committee, and various ministries were obliged to quit, so that a new, young, and fresh spirit might be injected into the Soviet economy to enable it to move forward and fulfill record norms for the victory of communism and peace.

Based on the actual situation in the more than 10 years and after weighing the pros and cons, making scientific comparisons and analyses and taking the people's opinion into consideration, we propose the following steps:

1. It is necessary to apply specific and urgent measures to compel leading cadres--whoever they may be--who are incapable of organizing and managing the economy to give up their seats to those who really have special capacities and who still retain moral values according to President Ho's advice that "cadres and party members must be the people's servants...and must endure hardships before the people and enjoy happiness after the people."

2. Leading cadres working in the operational and organizational agencies of the party and administration must be really upright and impartial. We must boldly remove incapable cadres as mentioned in paragraph 1; otherwise, they will never agree to quit.

3. Administrative measures must be taken to deal appropriately with leading cadres in both the party and the administration who are guilty of corruption, illegal connections, and deviancy. Of late, we have taken such action mainly against cadres, workers, and civil servants at the low echelon but not yet against leading cadres in various services, corporations, and ministries and against members of the Central Committee and so on.

At the previous party congresses, we merely considered these phenomena as "insignificant" manifestations of deviancy. However, in the realities of the postwar period in an agriculturally backward country, the fact that many deviant party members and cadres long for material wealth and a luxurious way of life and adopt an "I don't care who dies" viewpoint has become a prevalent phenomenon. Indeed, these persons have contributed to weakening our national economy and to increasing difficulties in our people's lives. Though holding party membership cards and proclaiming the "revolution" and "President Ho's ethics," they are not true communists but, according to a definition by Lenin, communist opportunsts bent on living it up.

We suggest that before and after the forthcoming Sixth Congress of the CPV, our people be motivated to unmask and denounce these opportunist elements and that the latter be dealt with appropriately.

We earnestly propose that the party take the above-mentioned specific and urgent measures to stabilize the economy quickly.

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OPPORTUNISM, INDIVIDUALISM SEEN HAMPERING PARTY PROGRESS

Hanoi NHAN DAN in Vietnamese 13 May 86 p 3

[Article by Nguyen Phuc An: "Party Building: Opportunism, An Indication of Negativism in Ideology and Ethics:"

[Text] When studying "Social psychology in management" in the enterprise management classes of the small industry sector and those held for the chiefs and deputy directors of Tien Giang, Dong Thap, Ben Tre, Song Be and Phu Khanh provinces, surveys were conducted to clarify a number of questions on social psychology in discussions, relations and final results.

One of the questions asked was:

During the present situation, in your opinion, which characteristic of a management (leadership) cadre is most preferred by the masses and which is the most detested?

For the latter, up to 64 percent replied: opportunism.

That being the case, why is it that opportunism is hated by so many people?

Because the unforgivable human mistakes are those of a deceitful and disloyal nature. Opportunism here is not a rightist or Trotskyist opportunism but is actually an individualism concealed beneath an ingenious and cunning form.

As we all know, since ancient times, there have always been opportunists. However, present opportunism differs from the "classic" type in that it is more tactful and more meticulously camouflaged and therefore more easily confused. Nevertheless, they all have the similiar characteristic of every action and relationship originating from a commercial motive. The way of life of an opportunist is one of falsehood, lack of substance and change of heart like turning over one's hand: easily forsaking their friends and easily betraying the fatherland. They know how to exploit the weaknesses, state of mind and preferences of each personality in order to satisfy a number of upper echelon leadership cadres. They know how to thoroughly utilize the loopholes and disturbances caused by deficiencies in management in order to fish in troubled waters.

They are intellectually poor but their intelligence develops in an extremely rapid, strong and intense manner in all types of harmful stratagems and tricks. Their soul is withered and unhealthy. They hate and often seek ways of persistently harming honest and loyal individuals, especially those who clearly understand their black character and devious actions.

They often act in the name of the party, the state and socialism to bear a grudge against or take advantage of the functions of others to create a position for themselves. Any advantage in policies and systems is brought out and "applied" frequently while anything disadvantageous to the individual is concealed and cut down.

One of the reasons for the appearance of opportunism is that weak leadership cadre capabilities and poor political thinking must contend with extremely complex and difficult practice and therefore, increasingly reveal their shortcomings; from shortcomings are born weaknesses; and weaknesses give birth to mistakes. When there are weaknesses and mistakes, there is an unscientific and subjective attitude of not really doing the right thing and seeking ways to cover up, justify and deal. The more justification and dealing, the more one enters a road of conservatism, delay, obstinancy and prejudice with a lack of clearsightedness and impartiality that paves the way for opportunism to emerge. With encouragement and support, it develops into a tide domineering, degenerating and altering first of all the element producing it, and then spreading out.

Anywhere that opportunism prevails, active elements are restrained and every assertion concerning the value of ethics and spirit is transformed; all truth, falsehood, black and white is mixed up; line and policy are distorted and the individual opinions and confidence of the masses are eroded by the opposing examples of a number of degenerate and deviant cadres and party members and by the collapse of a number of long tested and tempered individuals.

Could it be they are all the visible and invisible hands and intrigues of opportunistic individualism? Could they be the attack of the "extremely savage enemy" that Uncle Ho pointed out is "waiting for an opportunity--whether in defeat or victory--to rear its head." (Footnote 1) (Ho Chi Minh: "On Revolutionary Ethics," Su That Publishers, 1976) Could they be the ingenuity and cunning of a "vehicle not complying with its driver--It runs under the stimulation of another force, an illegal force, a secret force, and a force with an unknown origin following the stimulation of speculators, capitalists or both types" as V.I. Lenin reminded us. (Footnote 2) (V.I. Lenin: "Collected Works," Su That Publishers, 1970, Vol 32, p 417)

Resistance to individualism is an eternal problem; at the present time, the most unbearable and disturbing feature is how to recognize it; when confirmed, the struggle against it is a story of extreme difficulty.

Is it possible that in the past, in some locations and at some times, there have been a number of opportunistic individuals hated by the masses who were extremely worthy of their important position? In places and at times, we have not encouraged, assisted or protected those actively struggling against negativism, and have even restricted and blocked them, causing countless difficulties for them and their families.

In such a situation, if everyone gives concern only to arrangements for the individual and family with no concern for community interests, is deaf and unconcerned, weak, does not know how to hate, etc., it gives opportunists the full colors and name of the party to harm the party, and allows vagrant dregs and "mean individuals with fulfilled ambitions" to continue to contemptuously leap with joy over the difficulties of our party and the difficulties of many honest and straightforward cadres, party members and laboring masses. Is it unacceptable to permit that most precious and sacred thing, confidence in the party, to erode?

"Happiness is a struggle." We have only heard and believed this immortal and lasting truth of Marx before but now we perceive it as an action slogan with a profound revolutionary nature.

All of the negative occurrences at the present time such as corruption, collusion, authoritarianism, bribery, flattering upper echelons, attacking lower echelons, etc. are actually nothing more than the offspring of opportunistic individualism. They are the extremely savage enemies of socialism that Uncle Ho once pointed out. They are "an illegal force, a secret force and a force with an unknown origin" that has attacked our noble ethical values, and has sown outmoded concepts on ways of life and backward and reactionary standards on ethics and ideologies.

Now, it is necessary to look upon opportunists of all types as products of a degenerate ideological tide, and as negative ethical substances. We must create a social public opinion condemning and pressuring them from two directions, top and bottom, denying them the ground to "rear their heads."

The masses must be shown that the negative occurences caused by this group under whatever guise or who they are, are totally separate from the line and ideals of the party and from the qualities and ethics of a communist.

Motivate, encourage, assist and protect the masses joining the party in effective resistance to negativism because as V.I. Lenin stated, "With extremely skillful instinct, the masses must strive to grasp the difference between the straightforward and dedicated communist party members and the agitators and troublemakers who are making a living by bribery and tears and those without a bit of 'any privileges or exclusive rights at all.'" (Footnote 3) (V.I. Lenin, "Collected Works," Su That Publishers, 1970, Vol 33, p 46)

During this phase of self-criticism and criticism, we are resolutely and unyieldingly struggling against indications of opportunism hidden under all forms, and against outmoded concepts and modes of living lacking substance in which the source of one's livelihood is not through one's own labor. Everyone must be imbued with the teachings of Uncle Ho, "We all want to enjoy a luxurious life but these desires must be at the right time and under the proper circumstances. At a time in which our people still have many privations, desires for such a luxurious life are unethical." (Footnote 4) (Ho Chi Minh, op. cit.)

At this time, more than ever before, our party must have straightforward voices with a spirit of high responsibility. Therefore, it must also be extremely vigilant against the efforts of opportunism to further disturb the situation in order to fish in troubled waters.

At this time, more than ever before, our party must have opinions contributed by the masses in order to select individuals with sufficient abilities and qualities to shoulder the extremely heavy missions in the future. In the primary level party organizations this time, if opportunist elements are permitted to sneak into executive committess and other key positions, they will have themselves lost the confidence of the masses.

If we perform a number of these tasks, it will not only alleviate difficulties in the economic management mechanism but also anxieties and legitimate concerns in the thoughts and considerations of each individual.

If we perform a number of these tasks, it will not only reawaken the conscience and responsibility but also transform and completely change the dependent and parasitic viewpoint and way of life of no few cadres and party members into habits of living by the efforts of one's own labor.

Surely then, the masses will become extremely enthusiastic, confident and ready to forget the losses caused by shortcomings and weaknesses during the past. This will create political and spiritual unanimity and solidarity around the party, tighten the ranks as if going into battle, use all strength and intelligence in contributing to bring our nation through difficulty, and unite efforts and feelings to build and protect our country to become increasingly prosperous and rich.

From the bottom of our hearts, we recall the reminder of Uncle Ho, "As long as one Vietnamese is being exploited and is in want, the party will grieve because it has not yet fullfilled its mission. (Footnote 5) (Ho Chi Minh, op. cit.)

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DIALOGUE SAID ESSENTIAL IN SEARCH FOR TRUTH

Hanoi DAI DOAN KET in Vietnamese 4 Jun 86 p 6

[Article by Tran Dinh Van: "Dialogue-Monologue (The Story of Butakhin)"]

[Text] A member of the central government, upon returning from a visit to a village in rural Hanoi, said to me, "Extremely interested and helpful, the cadres and villagers 'roasted' me for hours on end. They stated honestly that they had to destroy more than a hundred mau of mulberry in order to raise grain because there was no rice equilibrium as had been contracted. Other difficulties caused by our complacency are the primary reason for the poor development of the sericulture movement. Listening to reports, one feels that this movement is fine but when visiting the districts, the secretary said immediately, "I must divide up this difficulty for the villages to also endure." Meaning the difficulty of raising mulberry. In dialogue with the people and cadres of villages and hamlets or subwards and blocks, and not attending conferences but listening to their reports, it is easy to feel the "bond of marriage."

A dialogue is not a monologue, only wishing others to listen. However, the kind of dialogue to achieve the most effective results is the problem that must be discussed. A few years ago, the following event occurred: a leader wished to seek understanding on the hog raising movement at the basic level. The local area arranged to take him all the way down to the collective and family hog pens to meet outstanding cooperative member hog raisers and to exchange opinions with them on the difficulties and advantages in stock raising. He expressed satisfaction when he saw with his own eyes the fine fat hogs. The accompanying press photographed hogs that could be put on display. Several weeks later, the comedy was exposed; informed several days beforehand, the local area had borrowed hogs from a number of neighboring hamlets, selecting the heaviest animals and carrying them back to brag to their leader. The cadres and cooperative members scheduled to meet the leader had all arranged and prepared a theme displaying the developing trend of the stock raising movement.

Dialogue is certainly not formal. Last year, I visited the standing agency of NHAN DAN in Da Nang, and had just entered the reception room when suddenly I heard the shrill "whistle" of a public security siren. I asked another man sitting in the room if something had happened, or if it was a case of emergency aid. He grimaced and said, "It is a vehicle clearing the way for someone important. Right next to this place are several country villas reserved by the province for international guests and those from our country in the rank of minister and above. When one returns from work with the province, it should be enough that a public security vehicle goes first without that all disturbing 'whistling'. The people hate it."

I recalled a ferry trip in which the vehicles were all in line with a fairly large crowd of cadres, workers and passengers waiting for the ferry because it was the only one operating. Meanwhile, there was another ferry at the landing under public security guard and only when asking did I learn it was reserved for a high level individual to cross the river. This preferential treatment, if necessary, should be exercised in only an extremely limited manner for a few and should not be expanded. Everyone waiting for the ferry was dissatisfied and thinking the same thing: there is no harm in a leader crossing in the same ferry with the people; it is also an opportunity to see them with his own eyes and to talk to them, which even if only for a short time would be beneficial to him. Degeneracy always begins with the smallest and most trifling releases, thought not worthy of attention but extremely moderate, and easily leading a cadre with power and position to become used to special privileges and special interests, no longer living like the common people and easily becoming arrogant and insolent.

Great President Ho first of all lived a common life and never lived differently than the common people. The cadres and soldiers protecting President Ho all strictly complied with his teaching, all joining him in visiting the people in an extremely relaxed and casual manner. Presented below is the original text of a tale from a Level I textbook entitled "Beloved Uncle Ho," published by the Ministry of Education. This tale, related by two of President Ho's guards during the period in which he was in northern Vietnam in the years of the war of resistance against the French, is titled:

The Story of Butakhin

One day, intending to go visit an agricultural cooperative, Uncle Ho asked the support cadres and guards who were standing assembled around him, "Do you know the story of Butakhin?"

"No sir, we don't."

Uncle happily said, "It is an ancient story, during the period of the Czar. Let me tell it to you."

His narration of the story was generally as follows: One day, the Czar summoned a local director named Butakhin to ask him about the work and lives of the local people. Butakhin replied very fluently that the lives of the people were extremely well off, rich and happy with spacious housing and clean streets. The Czar listened in an extremely satisfied manner and told Butakhin that he would go and inspect himself. Butakhin hurriedly returned to the local area first. To win the good will of the Czar, Butakhin arranged to deceive him: hiring artists to do splendid paintings, cleaning the streets and housing, and making arrangements for healthy, well-fed and luxuriously clothed people to impersonate the laboring people by appearing and disappearing in many locations in order for the Czar to "accidentally" see them. The Czar came, saw this and was extremely pleased.

However, the well off and beautiful external scenery disappeared in the blink of an eye when the Czar returned to the capital.

Uncle continued after finishing the story, "Don't imitate Butakhin. Wherever I go, don't inform them beforehand. If they know beforehand, all external appearances will be unnecessarily flaunted and I will be unable to see the actual situation. Our cadres now are revolutionary cadres and not bureaucratic lords and emperors. They therefore must maintain close contact with and understand the lives of the masses before they can fully serve the revolution and the people. They must resolutely avoid bureaucratism, imperativeness and formalism".

Dialogue, directly conversing with those who work with their hands and brains at the basic level, seeking understanding through their thoughts and aspirations, and consulting their opinions in order to formulate position and policy is a mission of foremost importance of the key cadres in the local area as well as around the central government. Sections, ministries and consolidated sectors, bridges connecting the basic level with the central government, are an extremely weak component and usually fail to straightforwardly reflect the situation at the basic level to the leading elements of the party and state. The promulgation of policies and methods is inconsistent with reality at the basic level and the present failure to correct many outmoded policies and methods has proven that the key cadres in many consolidated sectors and staffs are still separated from life and are still unwilling to abandon their "ivory towers" as a member of the Secretariat once observed.

False reporting has long been a common practice and reports submitted to upper echelons are carved up and further whitewashed. The quality of many conferences is extremely low and reports delivered there are usually only aimed at bragging about achievements. The reasons leading to this negativism, including the strongly unilateral propaganda in the newspapers, is partially due to the fact that upper echelons prefer not to hear contrary ideas, especially those that clash with their own sector. The truth can only shine through constant struggle and friction between different and opposing ideas. Life becomes increasingly more complicated each year, the bad gradually suppresses the good, confidence is eroded, life declines and the prices of all types of essentials rise but in reading the newspapers and listening to many statements, everything appears to be proceeding with the flow, like the refrain, "Never has the situation been as fine as it is at the present time."

We constantly maintain a way of life and thinking that is extremely unusual, not wishing anyone to speak about mistakes or negative aspects, and beating our chests that only this is stability while those who speak in a straightforward and true manner are portrayed as disgruntled and bad elements. Those who keep their mouths shut and only listen expectantly to their chiefs to repeat after them easily become senior to those who think independently and dare to speak the truth even though it disagrees with their leaders. Assisting the leaders to become infatuated with achievements and no longer fully grasping the good and bad aspects of the situation is a mistake because when leaders do not closely follow progressive changes down to the basic level, the favorable as well as the adverse, it easily leads to decisions lacking in accuracy which actually has occurred and not just once, causing immeasurable losses. Many years of no criticism or self-criticism (if held, only for form's sake), originally the highest principle in the activities of a revolutionary party such as ours, and excessive praise and flattery became steps for deviants and opportunists to climb to many positions, including the key ones. Blatant excessive praise and flattery reached a fearful level but were never criticized as "corrupt" while frank opinions, agreeable to and praised by the people, that resisted bad and dishonest actions were blamed as being "demagogic."

Without criticism and self-criticism, people did their best to usurp power and some locations and sectors exonerated and promoted those without talents or virtues, in essence easily resulting in command regardless of the opinions of a majority of the cadres and members. Internal democracy no longer existed, remaining only as a minority. The people and cadres all knew in the greatest detail every dark and shameful action of the deviants and everyone wished for favorable conditions to accuse them. Never has dialogue been as necessary as it is now, coming face to face with the people of all classes, and going to the people to speak frankly and sincerely without prior arrangements or promises. In dialogue with each person or dialogue with a number of representatives of each sector and trade, it is most important that each sector and trade have the freedom to select those attending the dialogue, not appointed by upper echelons as has been done in the past. Each time the nation encounters difficulty, the steersmen of the national boat always find a firm foundation for overcoming every storm, and that is the people. Never have the lessons of our forefathers been so heated as they are today. They summarized that the people are the root, and during the Tran Dynasty when the invaders tried to swallow our country, the emperor held the "Dien Hong Conference" to hear opinions from representatives of the people on saving the country.

The report of Nguyen Phuc An, a teacher in the Ho Chi Minh City middle level technical school, published in SAIGON GIAI PHONG on 29 April 1986 and in NHAN DAN on 13 May 1968, exposed the rotten and filthy faces of the opportunists. Immediately on 13 May 1968, the Hanoi Radio Broadcasting Station read several articles agreeing with him. Readers and listeners warmly praised the article, held collective readings in some locations, mutually discussed each section and sentence, and were extremely satisfied to see that the disgusting faces of the opportunists with all their insidious plots aimed only at internal division and persecuting those who are straightforward, offering themselves on both knees, competing with others, moving the way the wind blows, etc. have had all their traits generalized and have been titled, precisely in accordance with their crimes, as "savage enemies."

Under conditions in which our party and state apparatus has not yet swept out the opportunists and they still exist in every field, sector and local area, dialogue is increasingly necessary to key cadres of sectors and local areas. Only with dialogue, hearing with their own ears and seeing with their own eyes, and meeting directly with the people and cadres can the leaders evaluate the accuracy of sources of information from staff agencies, and clearly understand the happiness and difficulties of the people.

During the summer of 1984, I visited Long An and heard a mature and experienced party member complain about the visit of a leader in which the service cadres stressed only reporting the joyful and enthusiastic things, not saying anything about difficulties and negative aspects to make the leader sad and adversely affect his health. He was extremely concerned because a visit by a leader should have an objective of not stating only the happy and pleasant things and leaders before have demanded that he report all the negative aspects. In the reception room of the provincial party committee, a group of agricultural cadres on assignment to Long An told me that when a leader visits a province, the cadres accompanying him also request that the local party committee echelons not report the difficult and complex problems.

Discussing the stories above, several of us in the reception room recalled the extremely shining example and model of President Ho in constantly demanding that every cadre, especially the leadership cadres at all levels, must maintain close contact with the basic level with concern for the food and clothing of the people, and must know how to "share the pain and grief of the people."

To do as President Ho clearly taught, there is only one way: dialogue with the people to find the truth, for precisely as V.I. Lenin said, "With an extremely talented instinct, the masses toil to ascertain the difference between the honest and dedicated communist party members and those who are agitating and disturbing those living by their own sweat and tears, those without a bit of "any privileges or exclusive rights at all."

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STATE STORES MAKE PROFITS BY HIKING PRICES

Hanoi LAO DONG in Vietnamese 22 May 86 p 3

[Article by Thien Mai: "Muddy Water Fattens the Crane"]

[Text] Story in Me Linh

In July 1985, Me Linh was the district chosen to serve [illegible] the pilot project in carrying out Hanoi's price subsidies to wages. The volume of goods pouring in here from various sources is relatively large and buying power is on the rise. But customers recognize that prices at the district arts and crafts store fluctuate abnormally. Mainly because of this, responsible organs conducted an inspection. The result of the inspection indicated that in July alone the arts and craft store had up to 10 items hiked in price compared with the official price recorded in the account ledger. For example, the price for blended fabric recorded on the warehouse accountability card was 450 dong per meter, but the posted advertisement and sale to customers was 550 dong per meter. And the amount of 136,000 dong left over (old currency) lay outside the account ledger. Through questioning by the district public security organization, several state store employees confessed that corporation leadership advocated selling a number of items at prices higher than the accountability price in order to take the difference for "compensation" and to pay "negative fees."

We returned to Me Linh District and met Mr. Nguyen Bien, the corporation director. Mr. Bien stated:

"What has been cited above is completely correct, but with the provision that we did not share this amount of money among each other but rather took it to give as gifts to units which have sources of goods to provide to the corporation." Mr. Bien continued, "The reason why we did this was because the plan for profits to be paid to the budget assigned to us by the localities was too large. In 1985, in addition to the plan for 4 million dong in profits to be paid to the state budget, we had to ensure the plan to pay up to 15 million dong in profits to the local budget. We advised many times that we could not guarantee this amount of profit, but the district people's committee held firm, forcing us to have an amount of money simply called 'negative fees' for going out and obtaining goods easily. Only by doing this could the corporation complete the plan."

We hope that during this self-criticism and criticism phase the leadership comrades of the corporation provide greater clarifica- to the people in the district. Because at the time in July 1985, the corporation had paid only 8 million dong in profits to the local budget, but by the end of the year the corporation did not only complete the plan to pay 15 million dong in profits but rather paid up to 23 million dong. This proves that if no money had been taken from price disparities for "negative fees," the Me Linh District trade corporation would still have been capable of guaranteeing and exceeding the business income plan. We do not assert here that the amount of money from price disparities was shared by a number of people as concluded by the district public security or was used only as "negative fees" as espoused by Mr. Bien. But speaking from the standpoint of price management the act by the Me Linh District trade corporation was completely wrong and a serious breach of price discipline.

Unfortunately, economic managers and price managers must think that the arbitrary hiking of prices is not just occurring in Me Linh District but that it is taking place and is very widespread everywhere. As Mr. Nguyen Quoc Luc, chief of the inspection committee of the State Price Commission, said, "Wherever you touch it's found." Mr. Luc stated, "The price finance group recently inspected 42 units consisting of 70 of Hai Hung Province's state trade stores and confirmed that all the stores from the province to the district were raising the prices for goods higher than stipulated by the central government and the province. The inspection group prepared a memorandum recommending that Hai Hung Province reclaim 1 million dong from the price disparities.

Signature for Special Profits

At the Hanoi electrical machinery store once there was a customer who complained to a state store employee because she refused to sell him a television and kept his license to buy it, even though the license was in order and had the signature of the director of the trade service as well.

This isn't the only case wherein many people have sought to capitalize in this style during chaotic price situations such as now. When prices on the market for a number of items have high value such as televisions, sewing machines, motorbikes, etc., price slips very quickly create a fairly large disparity between the sale prices of the state and the free market. Many localities which have increased prices on their own put the difference into the local budget, but the price level is only 50 percent of the market price. For this amount of goods sold under the distribution form those doing the buying usually are cadres of authority, are in the trade sector, are relatives, acquaintances, etc. Only the signature of an authorized person is needed for the buyer to reap the benefit of goods worth tens of thousands of dong. This amount of money is greater than the wages a high grade worker has to work hard all year to get. Of course, this money must be paid to the state, but it falls into the pockets of individuals.

The Information Electronics General Department has sold 231 televisions at five self-set price levels lower that the price levels stipulated by the state. They distribute internally and people who are involved with the general department cause the state to lose over 700,000 dong. This does not even refer to the price which is different from the free market. Out of this number some people have bought up to three sets. Also in a similar way, Ha Nam Ninh has sold over 200 foreign sewing machines which were imported by the municipal foreign trade sector and turned over to the municipal trade corporation.

The above are just a few examples of very many similar things that have occurred virtually everywhere in the localities.

Should Deal With Promptly

The reasons for the chaotic situation with regard to prices recently are many, such as low production, an imbalance in supply and demand, devalued currency, etc. But there is one factor of no less importance which is laxity in price management and the state's price structure not having specific, timely stipulations for dealing with intricate developments in prices. For this very reason, price discipline is "diminished." Business units from central to the localities have the right to stipulate prices. Many places chase profits and chase price structures the market has arbitrarily raised innocently. With no shortage of corporations, stores, and stalls, a number of cadres and state store employees have resorted to "pouring water after the rain" by increasing prices then setting up black accounts from the difference outside the account ledger in order to organize sumptuous banquets, give gifts or fill someone's pocket. Meanwhile, a number of unessential items of high value should be changed at certain times to collect money for the state yet rigidly maintained at the original price so a number of cadres can take advantage of barter. Another fairly widespread thing is to have some "attactive" items that are lower in price than the free market and state store personnel have turned over whole lots to private merchants. Conversely, they go to the free market to buy and replace whatever the store has sold of any item having a higher price, taking the difference. They hide behind state store stalls to do business and make profits. Exactly as "muddy water fattens the crane," many people have gotten rich easily and quickly while the life of the laboring people has grown more and more difficult.

The chaotic price situation has reached an alarming level. The state should have measures to promptly deal with this in order to stop this situation; this is the wish of majority of the workers and civil servants. Recently, the chairman of the Council of

Ministers issued a directive requiring that ministries and people's committees of province, municipalities and special zones directly subordinate to the central government immediately carry out a number of tasks with regard to publicly announcing and advertising prices, strengthening inspection and investigation of execution of the state's directed prices, etc. If the directive is strictly and thoroughly carried out, surely the market and prices will rapidly normalize and laborers will have peace of mind and confidence in the price policy of the party and state.

6915
CSO: 4209/628

AGRICULTURAL ACTIVITIES REVIEWED FOR 1-10 JULY PERIOD

OW171151 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Jul 86

[Text] Dear friends: Following are some noteworthy facts about agricultural production in the first 10 days of July.

In the northern provinces, main efforts have been shifted to cultivating 10th-month rice after harvesting the winter-spring rice crop. According to reports of the General Statistics Department, by 5 July the northern provinces and municipalities had completed cultivation of 10th-month rice on nearly 200,000 hectares, twice as much as in the same period last year. However, considering the optimum growing period for early 10th-month rice, the pace of cultivation has been slow.

In the southern provinces, after completing the cultivation of summer-fall rice, main efforts have been switched to cultivating 10th-month rice. So far, the provinces have carried out direct sowing, planting, and transplanting on nearly 400,000 hectares. The planting pace for 10th-month rice in the south has been slower than in the same period last year.

Localities across the country are devoting their main efforts to cultivating 10th-month rice. In the north, so far 750,000 hectares have been plowed, with the plowing rate being twice as fast as in the same period last year. More than 130,000 hectares have been sown with rice seeds. However, up to 25,000 hectares of rice seedlings have been ravaged by rice pests, which must be controlled. Localities are using insecticides, along with manual methods, to rid the rice seedling of rice pests before transplanting them.

In the south, although the summer-fall rice is developing well, it is also being ravaged by rice pests; some 600,000 hectares of rice are affected by pests. Localities are making intensive efforts to control the rice pests and reduce the affected area.

Also by 5 July, localities across the country had cultivated more than 170,000 hectares of secondary crops, more than 70,000 hectares of vegetables and legumes, and over 100,000 hectares of industrial crops. All in all, the pace of cultivating vegetables, secondary, and industrial crops this year is faster than in the corresponding period last year.

Last week, hot, sunny weather prevailed--although some little rain was noted in the last few days of the week--increasing the area of drought-stricken rice. More than 260,000 hectares of ricefields, over 20,000 hectares of rice seedlings, and more than 20,000 hectares of 10th-month rice have been affected. Localities are making intensive efforts to control the drought. The power sector is making efforts to provide sufficient electricity to localities for drought control by using water pumps.

Dear friends, according to notices of the General Department of Meteorology and Hydrology, next week the weather will be highly favorable for agricultural production. Localities should devote their efforts to carrying out well the following tasks: In the north, efforts must be devoted to controlling drought, accelerating soil preparation, cultivating 10th-month rice, and completing the cultivation of early 10th-month rice so that the soil will be ready soon for cultivating the winter crop. Rice pests affecting rice seedlings must be controlled by making intensive efforts so that they will not spread to the already planted rice. In the south, efforts must be devoted to protecting the summer-fall rice, accelerating the pace of planting the 10th-month rice, and growing rice in all the planned areas. In addition, localities should strive to rapidly cultivate all kinds of summer-fall vegetables and secondary and industrial crops and tend these crops well in order to achieve high yields.

/12913
CSO: 4209/688

EXPANSION OF HIGH-YIELD RICE ACREAGE REPORTED

OW201710 Hanoi VNA in English 1523 GMT 20 Jul 86

[Text] Hanoi, 20 Jul (VNA)--Vietnam is traditionally a rice growing country. But before the August revolution in 1945, rice productivity varied from 1.0 to 1.2 ton/ha per crop. It rose to 1.9 tons in 1960, 2.1 tons in 1970 and 2.8 tons in 1985. In the 1981-85 plan, rice acreage increased 0.48 percent and total food output, 6.8 percent, per year.

Besides the change in the relations and means of production, the establishment of high-yield rice areas is an important factor for this progress. Such areas accounted for 30 percent of the total rice acreage in the 1980-85 period and produced 50 percent of rice in 1985.

Establishing high-yield rice areas is part of the program for intensive farming. This requires a series of technical measures including irrigation, reshaping the fields, a good selection of rice strains, fertilizer, and insecticides, etc.

When the campaign started in 1981, only 45,000 hectares were intended as "high yield fields". The figure rose to 735,000 ha in 1982, 1.4 million ha in 1983, 1.6 million in 1984, and more than 1.75 million ha in 1985. Productivity of these fields was from 50 to [?] percent higher than that of other fields. It reached 4.5-6.0 tons/ha, in the winter-spring crop, 4-6 tons/ha, in the summer-autumn crop and 3-4.5 tons/ha in the autumn crop which is the main crop in most parts of the country at present.

In 1985, 25 provinces and cities (or 62.5 percent of the total) harvested more than five tons of rice/ha a year. Four provinces obtained seven tons or more per hectare in a year.

In particular: seven districts got more than 10 tons/ha a year. Dai Phuoc cooperative, Quang Nam--Da Nang Province has for many years now obtained more than 17-18 tons/ha from three crops in a year. (Rice accounts for 90.6 percent of its total cultivated acreage.)

By the end of the current five-year plan (1986-90) high yield rice is expected to cover 40 percent of the total rice acreage in the country and to account for 56-60 percent of the total rice output.

/9274
CSO: 4200/1233

BRIEFS

WORKSHOP ON AGRICULTURAL BROADCASTING--Hanoi, 18 Jul (VNA)--A workshop-training course on farm broadcasting is currently held here under the auspices of the Vietnamese Ministry of Agriculture and the Economic and Social Commission for Asia and the Pacific (ESCAP). The 15-day course is aimed at training broadcasters in preparing programs for popularizing technical advances in agricultural production on the farm broadcasting network. The 19 participants are workers at village and district wired broadcasting stations in five northern Vietnam provinces. The course in Hanoi is planned to conclude on 26 July. A similar course is scheduled to open in Ho Chi Minh City on 30 July for souther provinces. Assisting the courses are Masahire Fuji, ESCAP representative, and Prof Dr A. W. Khan, ESCAP expert on farm broadcasting. [Text] [Hanoi VNA in English 1529 GMT 18 Jul 86 OW] /9274

CSO: 4200/1233

- END -

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8 AUGUST 1986

Southeast Asia Report

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JPRS-SEA-86-137

8 AUGUST 1986

SOUTHEAST ASIA REPORT

CONTENTS

INDONESIA

Defense Department Buys Military Version of IPTN's CN-235S
(ANTARA NEWS BULLETIN, 30 Jun 86) 1

IPTN, Rolls Royce Sign Engine Overhaul Agreement
(ANTARA NEWS BULLETIN, 27 Jun 86) 2

Briefs

New Gas Deposit Discovered 3
PT Arun's LNG Production 3

PHILIPPINES

Further Reportage on Coup Attempt, Aftermath
(Various sources, various dates) 4

Enrile: Military Can Crush Rebellion 4
Enrile 'Virtually Accused' of Involvement, by
Elie Rovira-Mallorca 5
Paper on Tolentino's Oath-Taking Remarks 6

NDF Leader Zumel Chides 'Loyalist' Brother
(ANG PAHAYAGANG MALAYA, 9 Jul 86) 8

Columnist Criticizes Government Indecision
(Luis R. Mauricio; ANG PAHAYAGANG MALAYA, 15 Jul 86) 9

Aquino Names Group To Probe Coup Attempt
(AFP, 19 Jul 86) 12

Mindanao Columnist Insists on Marcos Legitimacy
(Jose M. Santes; DAVAO STAR, 3-6 Jul 86) 13

Documents Allegedly Detail Marcos 'Deception'
(BUSINESS DAY, 23 Jul 86) 15

Reportage on Statements by Labor Minister Sanchez
(Various sources, various dates) 17

Says Government 'Not Stable Enough' 17
Criticizes 'Smear' Campaign 17
Changes Stance on Compulsory Arbitration 18

Aquino Defends Labor Minister Sanchez, PCGG Activities
(BUSINESS DAY, 22 Jul 86) 19

PCGG Relieves Task Force From Sequestered Firms
(Manila Far East Broadcasting Company, 23 Jul 86) 21

Aquino Government To Study Tripoli Accord
(DZFM Radio, 18 Jul 86) 22

Aquino Receives Female Japanese Tourists
(THE NEW PHILIPPINES DAILY EXPRESS, 23 Jul 86) 23

Enrile, Arroyo Deny Reported Cabinet Rift
(Manila Far East Broadcasting Company, 15 Jul 86) 25

Arroyo Notes 'Second Thoughts' on Reorganization
(Ding Marcelo; MANILA BULLETIN, 21 Jul 86) 26

Ramos Orders Human Rights Probe of Military Act
(THE MANILA CHRONICLE, 21 Jul 86) 28

Assemblymen Urged To End 'Green Card' Status
(Jesus Bigornia; MANILA BULLETIN, 21 Jul 86) 30

Government Begins Reinstating Civil Servants
(MANILA BULLETIN, 22 Jul 86) 31

Students Voice Demands in Open Letter to Minister
(Tess Villanueva; THE MANILA CHRONICLE, 20 Jul 86) 32

Paper Interviews Agrarian Reform Minister
(Eric Gamalinda; NEW DAY, 21 Jul 86) 34

Cabinet Members 'Lobbied Strongly' for OIC Candidates
(Butch Fernandez; ANG PAHAYAGANG MALAYA, 18 Jul 86) 41

Ilocos Sur Government 'Stalled' by OIC Impasse
(MANILA BULLETIN, 19 Jul 86) 42

Reportage on Actions Taken by Concom
(PHILIPPINE DAILY INQUIRER, 20 Jul 86; Manila Far East Broadcasting Company, 21, 22 Jul 86) 43

Passes Bill of Rights Article 43
Approves Bicameral Legislature 44
Fixes President, Vice President Tenure 45

Some Military Personnel Not Cooperating With PCHR
(Desiree Carlos; ANG PAHAYAGANG MALAYA, 17 Jul 86) 46

Committee Supports Making PCHR Constitutional Body
(PHILIPPINE DAILY INQUIRER, 19 Jul 86) 48

Trade Unionists, Minister Comment on KMU Activities
(Various sources, various dates) 49

TUCP Congress Attacks 'Anti-Democratic' Forces 49
Minister Views KMU-Led Strikes 50
Unionist Says KMU Communist Front 51

Sison Says New Party 'To Get 15-20 Percent' of Vote
(THE MANILA CHRONICLE, 20 Jul 86) 52

Commission on Elections Retains Powers
(C. Valmoria; MANILA BULLETIN, 22 Jul 86) 54

Court 'Practically' Bars Presidential Decrees
(Melanio Mauricio; THE NEW PHILIPPINES DAILY EXPRESS, 22 Jul 86) 56

Cebu Columnist Advocates Bases' Retention
(Mar Zamora Bajarias; VISAYAN HERALD, 15 Jul 86) 57

Columnist Comments on Reconciliation Policy
(Danilo-Luis M. Mariano; PHILIPPINE DAILY INQUIRER, 20 Jul 86) 58

Reportage on Reaction To Import Liberalization Move
(PHILIPPINE DAILY INQUIRER, 19 Jul 86; BUSINESS DAY, 22 Jul 86) 60

Manufacturers Oppose Idea 60
Aquino Orders Liberalization Plans 61

Economic Minister Favors 'Trimming' Debt Services
(Ray Enano; THE MANILA CHRONICLE, 11 Jul 86) 63

Monsod Says IMF 'Incapable' of Forming Economic Program
(THE MANILA EVENING POST, 15 Jul 86) 65

Bankers Hopeful on IMF Credit Talks
(NEW DAY, 21 Jul 86) 67

Foreign Investments Make 'Strong Comeback' in June
(MANILA BULLETIN, 21 Jul 86) 70

Japan Asked To Finance Smaller Enterprise Development
(Samuel Senoren; MANILA BULLETIN, 20 Jul 86) 71

Economic Reconstruction Loans Secured From Europe
(BUSINESS DAY, 23 Jul 86) 73

Ministry Accuses U.S. of 'Pressuring' Over Corn Glut
(Fred M. Lobo; MANILA BULLETIN, 21 Jul 86) 74

Export Earnings Drop 9.43 Percent
(BUSINESS DAY, 22 Jul 86) 75

Borrowings From Central Bank To Increase
(Ray Enano; THE MANILA CHRONICLE, 23 Jul 86) 77

Government To Reform 2 Major Government Banks
(Manila Far East Broadcasting Company, 23 Jul 86) 78

Ministry Reports Over 20 Percent Drop in Tourists
(AFP, 24 Jul 86) 79

Cost To Repair Storm Damage Reported
(PHILIPPINE DAILY INQUIRER, 19 Jul 86) 80

Reportage on Activities of Cebu NPA
(Various sources, various dates) 81

Assassination List Targets 17, by Leo Enriquez 81
Activities in Urban Cebu, by Leo Enriquez 82
Suspected Female Leader Captured 82

CPP Allegedly Infiltrating Government Agencies
(Ed Malay; THE MANILA EVENING POST, 11 Jul 86) 83

Constabulary Patrol Captures NPA Commander in Bataan
(Raffy Viray; THE NEWS HERALD, 13 Jul 86) 85

Military, NPA Shape Up for Mindanao Battle
(Manila Far East Broadcasting Company, 14 Jul 86) 86

NDF Claims Military Means To Stop Peace Efforts
(THE PHILIPPINE DAILY INQUIRER, 18 Jul 86) 87

Army Battalion Transferred to Marawi City
(THE MANILA CHRONICLE, 19 Jul 86) 88

NDF Commander Shot Dead in Iloilo City
(Vic Aguisanda; PHILIPPINE DAILY INQUIRER, 19 Jul 86) 89

Militia Retake MNLF-Held Mindanao Village
(THE NEWS HERALD, 20 Jul 86) 90

Troops Bombard Anti-Communist Stronghold in Bid To Arrest 9
(AFP, 21 Jul 86) 91

Scout Rangers Raid Davao del Norte Rebel Camp
(Ped Valasco; MANILA BULLETIN, 22 Jul 86) 92

Briefs
Bishops Conference Delegates 93
Aquino To Visit Japan 93
Replacement of New Officials 93
22 Rebels Killed 93
18 NPA Guerrillas Killed 94
FRG Aid To Rebuild Radio Veritas 94

THAILAND

Statement on Detention of SRV Diplomat's Wife
(Bangkok Voice of Free Asia, 18 Jul 86) 95

Army on Situation in South, on Cambodian Border
(Bangkok First Army Division Radio, 18 Jul 86) 96

Weekly Military Report on Lao Border Situation
(Bangkok Domestic Service, 21 Jul 86) 97

Military Staff Schools Hold Joint Exercise
(Bangkok Domestic Service, 22 Jul 86) 98

No End Seen to Cambodian Problem
(Editorial; THAI RAT, 9 Jul 86) 99

Briefs
Trade With China 100
Outgoing Foreign Ambassadors 100
Outgoing Italian Ambassador 100
EC Fishery Aid 100

VIETNAM

PUBLICATIONS

Table of Contents of TAP CHI HOAT DONG KHOA HOC May 86
(TAP CHI HOAT DONG KHOA HOC, May 86) 101

/9986

DEFENSE DEPARTMENT BUYS MILITARY VERSION OF IPTN'S CN-235S

Jakarta ANTARA NEWS BULLETIN in English 30 Jun 86 p A3

[Text] Jakarta, June 30 (ANTARA)--The Indonesian Aircraft Industry (IPTN) sold six CN-235s designed as maritime patrol aircraft which is also commonly known as anti submarine warfare (ASW) aircraft version to the Indonesian Department of Defence.

The contract of sale of these 6 aircraft was signed Monday at the IPTN pavilion by Dr B.J. Habibie on behalf of IPTN and the Indonesian Armed Forces Commander-in-Chief, Gen LB Moerdani, on behalf of the Department of Defence.

The contract will be completed by IPTN in three years and include pilot and mechanic trainings, maintenance, ground support and logistics support. The aircraft will be provided with sophisticated technology equipment in order to be able to successfully undertake its missions.

According to a reliable market research, this ASW version aircraft is much needed not only by Indonesia but also the other potential customers abroad.

/9317
CSO: 4200/1244

IPTN, ROLLS ROYCE SIGN ENGINE OVERHAUL AGREEMENT

Jakarta ANTARA NEWS BULLETIN in English 27 Jun 86 p A5

[Text] Jakarta, June 26/6 (ANTARA)--Indonesia's Nusantara Aircraft Industry (IPTN) has concluded a cooperation agreement with Rolls Royce, a British engine manufacturer, in engine overhaul, it was disclosed here Thursday.

This agreement led to an improvement of know-how, skill and expertise for IPTN and to steady market of engine maintenance service for its British counterpart, a spokesman of IPTN at the Indonesia Air Show (IAS) 86 here said.

With Rolls Royce becoming a partner, now IPTN has eight cooperating counterparts. The other seven are CASA, MBB, Aerospatiale, Boeing, Bell Helicopter and Textron.

/9317
CSO: 4200/1244

BRIEFS

NEW GAS DEPOSIT DISCOVERED--Jakarta, June 20 (ANTARA)--A new gas deposit has been found by the Indonesia Petroleum Exploration (Inpex) off the North Aceh coast, some 100 km northwest of Lhok Seumawe, the capital of North Aceh regency. The newly found gas deposit can supply 159,752 cubic feet of gas per day, public relations officer of the Jakarta Pertamina (state-owned oil company) explained here Friday. The drilling was carried out at a depth of 621 meter, making it the deepest well among off shore wells in Indonesia. Meanwhile, Syahril Anwar of the Arun oil company disclosed that the new gas supply has increased the North Aceh gas supply to 21 billion of standard cubic feet when gas was found there for the first time in 1971, the supply reached only 17.1 billion of standard cubic feet. Until June 1986, the Arun company, a branch of Pertamina in North Aceh has exported 4,970 million cubic meter of liquified natural gas (LNG) with 40 shipments. The main destination was Japan as one of the biggest buyers of Indonesia's LNG. [Text] [Jakarta ANTARA NEWS BULLETIN in English 21 Jun 86 p A6] /9317

PT ARUN'S LNG PRODUCTION--Medan, June 30 (ANTARA)--The production of PT Arun liquified natural gas company is keeping steady. So far the company with its five trains has produced as much as 90.484,192 m3 of LNG all exported to Japan, the public relations official of the company, Ridwan Mahmud, said to ANTARA here Monday. At the beginning in 1978 the company produced 849,194 m3 of LNG, in 1979 6,744,871 m3, in 1980 10,009 m3, in 1981 10,383,823 m3, in 1982 10,755,607 m3, in 1983 11,622,537 m3, in 1984 15,522,160 m3 and in 1985 16, 765,839 m3. Up to June 25 this year the production has already reached 7,831,618 m3. Besides LNG PT Arun also produces condensate which is export to various countries. [Text] [Jakarta ANTARA NEWS BULLETIN in English 30 Jun 86 p A5] /9317

CSO: 4200/1244

FURTHER REPORTAGE ON COUP ATTEMPT, AFTERMATH

Enrile: Military Can Crush Rebellion

HK110636 Manila MANILA BULLETIN in English 10 Jul 86 p 9

[Text] Defense Minister Juan Ponce Enrile said the other night that the military can crush any armed rebellion.

Enrile issued the assurance in brief remarks he delivered during the birth anniversary celebration of one of his assistants, lawyer Antonio Reyno, at the Manila Polo Club in Makati.

Speaking in Ilocano, the defense chief said some people are now trying to imitate the EDSA [Epifano de los Santos Avenue] revolution but they are not quite successful.

'They just don't know the technique," Enrile remarked, referring to former Senator Arturo Tolentino, who led Sunday an aborted revolution backed by some 300 military men and about 5,000 civilians.

At the same time, Enrile assured his constituents in the north to just accept the unpopular officers-in-charge [OICS] as they are. Anyway, he said, the people can topple those they do not want in the coming local elections.

Enrile was referring to governors, vice governors, mayors, vice mayors, sangguniang panlalawigan [provincial board] and sangguniang pambayan [town board] members who were replaced by the government after the February revolution.

Enrile has kept a hands-off policy in the appointment of OIC's in his bailiwick in keeping with his post-revolution pledge to take a non-partisan stance in the affairs of the government.

Enrile said that while an Ilocano president has just been toppled, he said he foresees that another Ilocano will recapture the presidence in the near future, prompting the people attending the celebration to roundly applaud his remarks.

Enrile 'Virtually Accused' of Involvement

HK151604 Manila THE NEWS HERALD in English 15 Jul 86 pp 1, 6

[By Elie Rovira-Mallorca]

[Text] Executive Secretary Joker Arroyo allegedly virtually accused Defense Minister Juan Ponce Enrile of having a hand in the failed coup attempt staged by Marcos loyalists last 6 July with the Manila Hotel as their jump-off point.

A top government source who leaked the information also said Arroyo and Enrile argued during the Cabinet meeting last Wednesday during assessment of the attempt which was led by former Senator Arturo M. Tolentino.

Minister Enrile could not be contacted for comment at press time.

Asking that he not be identified, the information said the Arroyo accusation came by way of questioning Enrile's proposal to go easy on all those involved in the uprising in which about 300 officers and soldiers participated.

Correctly reading the accusation, Enrile was reported by the source to have stood up and told other members of the Cabinet: "If we do not give them amnesty, the issue will only worsen and besides, we're always talking of reconciliation."

Rene Saguisag, the presidential spokesman, was quoted by the source as having sided with Arroyo, saying: "Why do we have to give them amnesty since what they did is an outright rebellion. We have to file charges against them."

Up to press time, no charges have been filed by the government against perpetrators of the coup. Neither have the loyalists complied with a condition set by President Aquino to forestall their being hauled to court. The condition is for the loyalists to swear allegiance to the "Freedom Constitution."

The informant said other Cabinet members half expected Enrile to walk out after the collision with Arroyo but he did not. Enrile sat out the entire Cabinet meeting and when it was adjourned, left with "a sour face," the source added.

Before leaving, the source quoted Enrile as having said: "What else do I have to do to prove my loyalty to this government?"

The informant said Enrile made the remark after he sensed that President Aquino tended to support Arroyo.

Because of such a development, the informant said the Arroyo-Enrile rift could worsen relations between the Cabinet members and that efforts are ongoing to patch up the quarrel.

Among options being eyed, the source said, are:

--Switch Arroyo to the Justice Ministry with Neptali Gonzales (the justice minister) becoming executive secretary.

--Lift both Arroyo and Enrile from the Cabinet.

--Reduce powers of Arroyo, specially in the Defense Ministry area.

--Gen Fidel V. Ramos to become the defense minister with the president appointing a new chief of staff.

Paper on Tolentino's Oath-Taking Remarks

HK210824 Quezon City NEW DAY in English 21 Jul 86 p 16

[Text] "It's an impossible condition," said Arturo Tolentino, dapper in his light-blue bush jacket, as he faced the press for the first time after the end of his Manila Hotel fiasco. It would "expose us to public humiliation and take away our honor."

Presiding over the press conference at an obscure Japanese restaurant on Katipunan Avenue in Quezon City, Tolentino was explaining why he rejected the offer of President Corazon C. Aquino to take an oath of allegiance in exchange for amnesty.

"The freedom constitution is legally not a real constitution because it was not promulgated or ratified by the people," he said. "For me to pleged allegiance to it would be mental dishonesty and falsehood under oath."

Tolentino said the government's alternatives on the case "are not limited to the oath of allegiance and the filing of charges." Tolentino pointed out a third option: "Maximum tolerance. It seems to me that this was followed as to the soldiers who were at the Manila Hotel."

Describing the Manila Hotel incident as "a peaceful affair...(where) not a single person was hurt, not a shot was fired and no tear gas bomb exploded," Tolentino charged that his attempt to proclaim himself as acting president "was magnified to look more serious than what it really was: my oath-taking was not a 'revolt' or a coup."

He added: "I have not attempted to put up an office, or establish a seat of government, or exercise presidential authority," Tolentino said. "I still consider myself the acting president."

Asked what official actions he intends to make as such, Tolentino said: "I do not intend to do more nor less than what President Marcos has been doing since he fled the country last 25 February." The ousted president "has not been performing any official act" since the day of his departure, he added. "I will not assert any act of authority that may bring disorder in this country," he added.

Tolentino also claimed his "tenure" (as acting President) "can be terminated by President Marcos at any time."

Tolentino denied that he had performed an official act when he appointed the members of his "Cabinet," saying that he had merely "announced" the names of his appointees "as part of the (oath-taking) ceremony." "Not one has been appointed actually," he insisted.

Asked during the open forum whether his appointment of Defense Minister Juan Ponce Enrile as prime minister and defense minister of his own 'government' was based on his assessment that Enrile was likely to accept the post, Tolentino said: "There was no such assessment. The appointments were based on what I considered to be their competence."

Tolentino's reply may or may not put to rest speculation that his naming Enrile in his Cabinet could have been a doubled-edged strategy of gambling on the chance that President Aquino's defense chief might actually be lured to join his camp or, failing that, at least to sow intrigue within the Aquino administration to destabilize it. Tolentino's denial appeared intended to dispel speculations that he appointed Enrile on the basis of some agreement between the two. So far, the Aquino administration has officially ignored speculations on Enrile's 'probable hand' in the Manila Hotel incident.

Tolentino told newsmen at the press conference that he had decided to break his silence Friday after hearing a radio broadcast about "a 35-year-old loyalist who had committed suicide in the belief that I had already pledged allegiance" to the Freedom Constitution. "I don't want another suicide to happen, and this is why I have decided to call this press conference."

Tolentino's defiance has put the problem back to Mrs Aquino. She had served notice at the post-coup Cabinet meeting that she had reached the limits of her patience. As she put it then: "I am compelled by reasons of national interest and unity to require a pledge of loyalty to the Constitution from the leaders of that illegal act of defiance."

It remains to be seen what action would be taken against Tolentino. But even if he manages to escape sanctions for this latest act of defiance, he still faces one more consequence of the Manila Hotel take over. The Manila Hotel has announced it would send a bill for P9 million to Tolentino and company for damages and lost business during the loyalists' two-day campout at the hotel.

But Tolentino dismissed the prospects facing him. "If they send me a bill, I will return it to them. I will pay the bill only if the courts tell me to do so. They will have to go to court. I feel I have no responsibility for whatever damage the hotel suffered. Beginning Monday (7 July), there was no service at all, (the personnel) had deserted the place."

/9274
CSO: 4200/1250

NDF LEADER ZUMEL CHIDES 'LOYALIST' BROTHER

HK151012 Quezon City ANG PAHAYAGANG MALAYA in English 9 Jul 86 p 7

[Text] It was a classic case, indeed, of two brothers being on extremely opposite sides of the fence. From an undisclosed location yesterday, top National Democratic Front [PDF] leader and former journalist Antonio Zumel wrote his elder brother Brig Gen Jose Ma. Zumel to ask him to abandon the Marcos cause once and for all.

The younger Zumel, in an open letter released by the NDF's official news agency BALITA NG MALAYANG PILIPINAS, urged Gen Zumel to give up support for the continuing efforts of pro-Marcos groups to destabilize the Aquino government.

Gen Zumel was one of the leading figures in Sunday's failed attempts by former Foreign Minister Arturo Tolentino to wrest power by taking his oath as "acting president" on orders of deposed dictator Ferdinand Marcos.

"Dear brother, I ask you now, as I did before martial law, to open your mind to the realities of our society, and to align yourself with our people instead of with our exploiters and oppressors," the communist leader told the general, whom he addressed in the Ilocan term "manong" [brother].

The NDF leader, one of those named by the rebel group to negotiate a ceasefire with the Aquino government, urged his brother, "do not waste your life and make your family suffer for a cause which by its inherent evil, has been totally rejected by our people."

The younger Zumel expressed depp hopes for success in the ceasefire negotiations, despite what he called efforts by "certain powerful forces" in the U.S. Government and the Armed Forces of the Philippines, which are not genuinely interested in "peace based on justice."

"But we are willing to give peace a chance because we believe that Mrs Aquino and some others in her government genuinely desire peace," he continued.

The NDF leader said he was more deeply disturbed on learning Sunday that his elder brother was leading the security force for the Tolentino group.

He advised the general to give up his belief that it was the Aquino side that cheated in the 7 February election, and not Mr Marcos. The younger Zumel repudiated the Batasang Pambansa as a Marcos tool, saying its proclamation of the deposed ruler was a sham.

/9274
CSO: 4200/1250

COLUMNIST CRITICIZES GOVERNMENT INDECISION

HK221512 Quezon City ANG PAHAYAGANG MALAYA in English 15 Jul 86 p 4

[Column by Luis R. Mauricio: "Dilemma Due To Indecision"]

[Text] Although it is over a week since the Tolentino mini-coup took place at the Manila Hotel, it is not clear in the public's mind how the Aquino government intends to ring the curtains down on the episode and put it to rest.

And, as usual, the government's ambiguous stand, born of indecision arising from misplaced emphasis on consensus, has only served to add fuel to the fire under the raging debate regarding what to do with the failed adventure's ringleaders and participants.

The conflicting acts of the government, particularly those of the president, her minister of justice and her armed forces' chief of staff, have contributed greatly toward this public confusion.

When the coup started with Tolentino taking his oath as vice president and assuming the post of "acting president," Mrs Aquino, who was then in Cagayan de Oro City, spoke with firmness and decision. She said she had shown these Marcos diehards "maximum tolerance," but this time they had gone too far. In other words, enough was enough!

As commander-in-chief of the country's armed forces, the president ordered Gen Ramos, the AFP [Armed Forces of the Philippines] chief of staff, to arrest the coup participants if they were "using violence or carrying firearms." And she instructed her minister of justice to file the proper charges in court against those responsible for this open challenge to the government.

And yet, when the soldiers and their officers (who took part in the coup) gave themselves up in Camp Bonifacio, Gen Ramos ordered them (by way of "disciplinary action") to undertake 30 push-ups. Defense Minister Enrile gave them the assurance that they would not be subjected to any embarrassment, and he was willing to lay his name, his honor, and his position in government on that pledge.

No wonder that, when asked whom he recognized as his commander-in-chief, one of the officers involved, Gen Echeverria, had a ready reply: "I leave that to Minister Enrile and General Ramos."

The Camp Bonifacio episode underlines the unfortunate reality that the government had no overall policy on how to deal with the coup participants.

Up to that point when the ultimatum was issued for the Manila Hotel hold outs to cease their defiance, the government's handling of the coup was correct and propert. But from that point onwards, the government's performance left much to be desired.

Contrary to the directives issued by the president upon her getting the report on Tolentino's repudication of the government there was an unseemly haste on the part of the defense establishment to gloss over, or cover up, the participation of a segment of the military in the civilian uprising.

The armed men were not even divested of their weapons, which, by the way, were arms meant only for battle zones. No effort was taken to make them realize the wrong they had committed in giving armed support to a rebellion.

While a kid-glove policy toward the non-commissioned officers and enlisted men involved may be justifiable, a similar policy for the general officers is highly indefensible. Their participation in an armed challenge to legitimate authority was a clear violation of their oath as officers of the country's armed forces.

The creation by the president of the board of inquiry, headed by the Secretary of Health Alfredo Bengzon, to look into the extent of the military participation in the coup--as well as the creation, by Gen Ramos, of a separate body, headed by Brig Gen Fidel Singson, deputy chief of constabulary, to conduct a parallel investigation--is a patch-up job. It is a delayed reaction to what already has become a fait accompli.

The Camp Bonifacio episode preempted whatever action the president, in the absence of a previous overall policy on the question, would have wanted to take.

The treatment accorded the officers and men in the military service (who took part in the coup) stands in marked contrast with what the government subsequently announced as its policy toward their civilian counterparts.

The president stated she was not willing to make a martyrs of Tolentino and his coterie of discredited politicians. Thus, no charges would be filed against them, just so long as they took their oath of loyalty to the republic under the Constitution.

This was an ill-conceived "punishment" for the civilian insurgents. It provided them the o-portunity to make a mockery of the government's attempt to chastise them.

It gave them reason to twit the Freedom Constitution, which, under Proclamation No 3, is the interim constitution in force and effect under the revolutionary government that was established last 25 March, one month after Mrs Aquino had assumed power.

Since there is no way by which Tolentino & Company could be compelled to take their oath of loyalty to the Freedom Constitution, there seems to be no option left for the government except to let justice take its ordinary course.

If that is done, there is no escaping the possibility that the apostates would make political hay in order to achieve propaganda mileage of the protracted trails that would surely be conducted.

They would not have any difficulty assuming the pose of martyrs. Martyrs to a cause, no matter how lunatic.

The government, in effect, has painted itself into a dilemma of formidable proportions--a dilemma created by indecision and lack of a firmer hand what is now visible.

/9274
CSO: 4200/1250

AQUINO NAMES GROUP TO PROBE COUP ATTEMPT

BK191045 Hong Kong AFP in English 1027 GMT 19 Jul 86

[Text] Manila, 19 Jul (AFP)--President Corazon Aquino has given wide-ranging powers to a top-level committee investigating an abortive coup two weeks ago, it was announced Saturday.

A presidential palace statement said Mrs Aquino signed an order Thursday protecting the committee from being hindered by civil action in its official business, and giving it power to grant immunity from prosecution to witnesses.

The order also empowered the committee to compel witnesses to testify or produce documents necessary for its investigation, the statement said.

Arturo Tolentino, supported by civilians and 300 armed troops seized the Manila Hotel 6 July and declared himself acting president on behalf of deposed President Ferdinand Marcos.

The coup fizzled out as the military rallied around Mrs Aquino, and Mr Tolentino and his supporters left the hotel 8 July after being given a 24-hour ultimatum to abandon their stand.

The five-member investigating panel led by Health Minister Alfredo Bengzon has already held closed sessions, but there has been no word on these sessions, held at the Manila Hotel to protect employees who will testify.

The state-owned hotel is pursuing a nine million peso (450,000 dollar) claim for damages against Mr Tolentino.

Defense Minister Juan Ponce Enrile announced Saturday the retirement of army Brigadier General Antonio Palafox, one of the officers who supported the failed takeover bid, the official PHILIPPINE NEWS AGENCY (PNA) said.

Military and Defence Ministry spokesman could not be reached for comment.

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CSO: 4200/1250

MINDANAO COLUMNIST INSISTS ON MARCOS LEGITIMACY

HK210945 Davao City DAVAO STAR in English 3-6 Jul 86 p 2

["What Are We in Power For?" column by Jose M. Santes: "PCGG--A Growing Frankenstein Monster"]

[Text] July 4 is Filipino-American Friendship Day. In the United States, it is Independence Day. Both events have its crucial significance to the present poltiical and social relevance of the two peoples and respective governments. It could be a day of reckoning, and could be a day of decisive reconciliation to put things in order.

In the hearts and minds of the Filipino people, President Ferdinand E. Marcos of the Philippines was kidnapped by the Americans with the use of its Armed Forces in the Philippines, and was whisked through Clark Field, and then brought to Hawaii. The United States Government is a champion of human rights, democracy and liberty. The Filipino people are the true lovers of human rights, democracy and liberty. In the light of the last political exercises, the United States Government should return President Marcos of the Philippines with all protective umbrellas because by virtue of the sovereign will of the Filipino people, President Marcos was re-elected for the 4th term in a popular election. And likewise, Cory Aquino, if she still has a conscience, she should step down from the presidency, and let President Marcos continue his regime as mandated by the Filipino people under the mandate of the Constitution of the Republic of the Philippines.

The United States Government should understand that President Ferdinand E. Marcos is a survivor of the Bataan War, Death March and Concentration Camp (as prisoner-of-war). With more than enough harrowing experiences of the ordeals in the battlefields of Bataan, Death March and Concentration Camp, he continued to fight as a freedom fighter in Northern Luzon as an intelligence major and demolition leader of the 14th Infantry Regiment under Col Nakar. Maj Marcos was also partly responsible for the capture of General Tomoyuki Yamashita, who swept the whole of the ASEAN countries in World War II. Undisputably, Maj Marcos fought for the American and Filipino peoples, and is known as the most bemedalled hero of the Philippines.

Now that President Ferdinand E. Marcos was kidnapped by the American Government in order to prevent a bloody intercourse, President Marcos should be returned to the Philippines before any escalating bloody incidents will come into play. Anyway, President Marcos is the titular head of the Republic of the Philippines, and the whole world knows this. The scenario of political dictation of the U.S. Government on other democratic countries to boycott President Marcos should no longer be made to prevail. Henceforth, the United States Government should return President Marcos to the Philippines as part of the continuing partnership to preserve everlasting friendship, freedom, human rights and democracy in this part of the globe especially the Philippines.

However, people should vehemently protest against the massive black propaganda hurled against President Marcos. The people should condemn the massive character assassination and frame-ups against the First Couple of the Republic of the Philippines. The people should stand together in protest against the massive trial by publicity on the government of President Marcos in exile. I still believe that President Marcos never touched the people's money for their personal whims and caprices because President Marcos has his own treasure and fortune through his professional practice of conglomerates of law associates in different countries of the world. All the unsavories of circumstances hurled against President Marcos and government are calculated to cheat the people into believing the frame-ups as their weapons to perpetuate themselves in this illegal government on the basis of democratic institutions of the country, government and people. Now is the time for the United States Government and other democratic institutions of the world to recognize President Marcos as the true leader of the Filipino people, country and government.

The walkout of the coconut planters during the stockholders meeting in the Sports Center, Makati, Metro Manila, which was presided [over] by Minister Juan Ponce Enrile was a national defiance of the coconut planters to the kind of government of Cory Aquino. It was a tumultuous defiance and protestation to what was interpreted as the communist designs of what took place. Presidential Commission on Good Government (PCGG) representatives and planted so-called coconut planters were booed with passion and anger even if Minister Enrile had to bang the gavel the hardest of an orderly discussion and change of ideas.

/9274
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DOCUMENTS ALLEGEDLY DETAIL MARCOS 'DECEPTION'

HK240449 Quezon City BUSINESS DAY in English 23 Jul 86 p 12

[Text] The office of the Solicitor General will release late this week a second batch of documents allegedly showing the "scheme of deception" used by deposed President Ferdinand Marcos and his frontmen in acquiring ill-gotten properties and in opening bank accounts.

Solicitor General Sedfrey Ordonez told reporters that the same documents were used as basis for the various sequestration moves taken by the Presidential Commission on Good Government [PCGG] against illegally acquired properties.

Ordonez also disclosed that a ranking government official during the Marcos regime has promised to give additional information about some investments made by the former First Family.

He, however, refused to name the former government official, saying only that he was a "responsible government official."

The solicitor general released the first batch of documents early this month. The previous documents were used in substantiating graft charges filed in April by his office with PCGG in connection with the alleged ill-gotten wealth by Marcos, his relatives, subordinates and close associates.

In the previous documents, Ordonez tried to show among other things that with Marcos' authorized salaries of P1.57 million during his terms as president had a 1961 declared assets of P40,000, Marcos could not have acquired the vast assets he is now believed to own.

Announcing the release of the second batch of documents, Ordonez said the government wants to give the public, particularly the media, the opportunity to evaluate for themselves the charges initiated by the government.

He said deception was used in the acquisition of variousproperties and assets by Marcos and his associates.

The assets and properties have been estimated at no less than $5 billion.

The solicitor general said the first batch of documents were culled from those left by Marcos in Malacanang when he fled the country last February, documents confiscated by the U.S. customs when the Marcos party arrived in Hawaii and which were later turned over to the Philippine Government, and documents furnished by lawyers in New York in connection with the alleged real property acquisition on that area.

The same documents prompted the Office of the Solicitor General to conclude that the government has valid claims to the illegally acquired properties, Ordonez said. "These convince us to pursue the claim," he added.

If the Marcos government official pushes through with his intention to reveal information on Marcos' investment, this will be the second person close to Marcos to do so.

Earlier, businessman Jose Y. Campos disclosed in a sworn statement that he had helped set up and held in trust 28 corporations on behalf of Marcos.

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REPORTAGE ON STATEMENTS BY LABOR MINISTER SANCHEZ

Says Government 'Not Stable Enough'

HK140525 Manila Far East Broadcasting Company in English 2300 GMT 13 Jul 86

[Text] Labor Minister Augusto Sanchez has blamed the instability of the Aquino government for the country's failure to attract new investments. This was declared by Sanchez in an interview by the CALIFORNIA MANILA TIMES at the Philippine Consulate office in Los Angeles last 20 June. Among other things, Sanchez said the Aquino government is probably not stable enough to attract foreign investors at this time. However, he reportedly added that the government's priority should be the solution of the peace-and-order problem in the country to establish a favorable climate for investment. The interview with Sanchez for the Filipino newspaper CALIFORNIA MANILA TIMES was written by Sebastian Catarroja, a former editor of the Manila DAILY BULLETIN's magazine PANORAMA.

Criticizes 'Smear' Campaign

HK161541 Manila MANILA BULLETIN in English 16 Jul 86 pp 1, 11

[Text] Labor Minister Augusto S. Sanchez said yesterday there seems to be a concerted campaign to discredit government ministries and ministers, particularly the Ministry of Labor and Employment.

On two occasions, Sanchez was quoted as saying that the Aquino government "is probably not stable enough at this time" to attract foreign investors. He was reported to have said this in a press conference in Los Angeles last 20 June and in Davao City earlier.

But in an interview with some labor reporters, Sanchez said he is positive that he never made the statement when he was in the United States recently.

The labor minister's interview in Los Angeles came out in the 25 June issue of the CALIFORNIA MANILA TIMES under the by-line of Sebastian Catarroja, former editor of the PANORAMA magazine.

Other members of President Aquino's Cabinet reportedly also expressed concern over "this trend" to put them under a bad light before the public.

Sanchez indicated that the complaint has reached Mrs Aquino and that she is sympathetic to the lot of the "smeared" Cabinet ministers.

Meanwhile, the Kilusang Mayo Uno (KUM) called for the ouster of Political Affairs Minister Antonio Cuenco for his allegedly "anti-worker and an anti-people" position.

Cuenco had charged that the KMU is a communist front out to destabilize the government by instigating strikes with political demands in Metro Manila and elsewhere.

Changes Stance on Compulsory Arbitration

HK211107 Manila THE MANILA EVENING POST in English 18 Jul 86 p 8

[Text] Despite his earlier stand that labor issues should be decided through collective bargaining, Labor Minister Augusto Sanchez has submitted a report to the social justice committee of the Constitutional Commission holding up compulsory arbitration as the most efficient way of settling labor disputes.

Sanchez also stressed the need to give profit-sharing a place in the declaration of state policies and principles in the draft Constitution, contradicting his repeated statements that profit-sharing should not be mandated by law.

In another example of confused stewardship, the Ministry of Labor and Employment (MOLE) opened its Public Employment Service Office (PESO) the other day in the National Capital Region Office, even without an appropriate agency to handle the program.

As reported by Sanchez earlier, the PESO will be carried out through a proposed National Employment Service Office (NESO), and the plan was that the Bureau of Local Employment (BLE) would be expanded and transformed for the purpose.

But the plan is reportedly still on the drawing board.

Computers are yet to be installed for greater efficiency in retrieving labor market data. The proper training workshop for future PESO personnel was just begun with the first batch.

The program, Perfecto Gabut officer-in-charge of BLE, said, aims to solve the country's employment problem by matching people and jobs on a nationwide scale, generating the widest possible delivery of services to the public.

He said two other PESO units would be opened, one in Cebu City on 1 September, and the other in General Santos City on 15 October.

/9274
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AQUINO DEFENDS LABOR MINISTER SANCHEZ, PCGG ACTIVITIES

HK230335 Quezon City BUSINESS DAY in English 22 Jul 86 p 2

[Text] President Corazon C. Aquino yesterday acknowledged the concerns of the business sector over the powers of the Presidential Commission on Good Government (PCGG) and stated that the commission "will disengage from all sequestered enterprises at the earliest time possible."

However, at the same time, the president chose to ignore pleas from business to replace Labor Minister Augusto Sanchez for his alleged bias for labor and the proliferation of strikes at a time when the economy is struggling to recover.

Aquino, the guest of a multi-chamber meeting of the business community, was apparently a little disappointed by the businessmen's worries about the PCGG's activities. At one point, she asked: "Do you want thieves to get away with (having plundered the economy)?" However, she assured the businessmen that, in effect, the probe body will now be pressured to speed up its work.

She noted that "only those involved in the robbing of the nation have reason to fear" the PCGG.

The president said Marcos was in power for such a long time that various enterprises felt they had to "let him in for protection."

But in spite of the winding up operations of the PCGG from all sequestered companies--which University of the Philippines President Edgardo Angara later told BUSINESS DAY means PCGG will no longer involve itself in the management of private firms--he said, the probe body will still "not relent" in its job of hunting down the wealth stolen from the people.

She called on her audience to report any abuse of power by the PCGG either to the press or to her office, together with "some proof" of the reported abuse.

Aurelio, president of the Philippine Chamber of Commerce and Industry (PCCI), told BUSINESS DAY that his group has asked the government to set a "time limit" to PCGG's probing and therefore appeared happy about Aquino's pronouncement.

Aquino took up the cudgels for Sanchez, who was booed early on in the meeting. She "reiterated" her "conviction that Minister Sanchez is the man for the job under today's circumstances."

She disclosed that "of all people," it was Sanchez, who "took exception" to her speech last Labor Day when she unwrapped a package of concessions for labor, including the easing of requirements for staging a strike.

Sanchez felt her labor policies were "too liberal," Aquino said.

Aquino's disclosure, observers said, will now "disabuse" the minds of some in the business community who have held the opinion that the "liberalized labor policies" were actually the work of "left-leaning Sanchez."

On the other hand, they said, it is also possible, Aquino is claiming authorship of the liberalized policies just to shield her labor minister from business' angry attacks. Aquino, after all, they pointed out, appears to be bent on retaining him in her Cabinet, they pointed out.

The president described the present "militancy" of labor as an "inevitable" consequence of years of repression under the past government.

It is "now a fact of life" that this militancy can no longer be repressed, she said, and therefore the best way is for the government to respond to labor's legitimate demands.

"Dialog and consensus" are needed between labor and management to attain industrial peace, with the Labor Ministry acting as "moderator" so that "understanding" and "cooperation" can lead to workable solutions, she said.

Industrial peace is not achieved by "draconian" laws but only by the "willingness" of both sides to understand each other's plight, Aquino asserted.

When asked during the open forum what she could do to bring about a more stable labor environment than now, where, it was alleged, strikes are often caused by inter-union or intra-union disputes or even "political" matters that management has no control over, Aquino said she had a talk with Kilusang Mayo Uno Chairman Rolando Olalia last week who told her that very few businesses and multinationals are actually strike-bound.

It is only in the small and medium scale businesses--actually the "sweatshops"--where strikes are occurring and only because laws are not being followed, Olalia informed Aquino.

Aquino said she initially planned to join Trade and Industry Minister Jose Concepcion's proposed "committee of three" composed of herslef, Concepcion and Sanchez to settle labor problems until she realized that if she joins the committee, she would not have time left for other matters requiring the president's attention.

Nonetheless, she indicated that her original intention to join the committee underscores the importance she accords to attaining stability in the labor environment.

/9274
CSO: 4200/1250

PCGG RELIEVES TASK FORCE FROM SEQUESTERED FIRMS

HK240215 Manila Far East Broadcasting Company in English 2300 GMT 23 Jul 86

[Text] The Commission on Good Government [PCGG] yesterday relieved its 5-man task force assigned in sequestered firms of Floreindo, Cojuangoo and the Coconut Oil Mills. The task force removed were headed by lawyer Dionisio de la Serna. The action followed complaints that De la Serna's group has demanded 339,000 pesos from the 3 firms for the expenses of the team.

The move was announced by PCGG Commissioner Quintin Doromal. Doromal said 200 other task force members, officers in charge, and agents have been recalled for a check in their performances. The move aims to rid PCGG of erring, undeserving, and insufficient members.

/9274
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AQUINO GOVERNMENT TO STUDY TRIPOLI ACCORD

HK180623 Quezon City DZFM Radio in English 0400 GMT 18 Jul 86

[Text] The Aquino government will conduct serious study and review the terms granting of autonomy for Muslims in the south by the administration of ousted President Marcos. This is according to Muslim Affairs Minister (Abdul Muare). Added details from Jojo Ismael:

[Begin recording] Minister (Muare) said President Aquino has approved his recommendations to restudy the terms of language of the Tripoli Agreement which the past Marcos administration claimed to have implemented. He also added that his recommendations came on the heels of various complaints from [word indistinct] asking to abolish the existing autonomous governments in Regions 9 and 12 in Mindanao.

The MNLF men claimed that autonomy granted by President Marcos was made to cover the various atrocities committed by the Marcos government against the Muslims and that the so-called autonomous government for the areas are mere adjuncts of Malacanang manned by Marcos' cronies.

Meanwhile, MNLF Chairman Nur Misuari has claimed no responsibility of any of the reported series kidnappings in the Lanao area. This was revealed this morning by Abdullah (Diusman), official spokesman of Nur Misuari, who is now in Manila. (Diusman), who is also political emissary of the hard core elements of the Moro National Liberation Front based in Iran, said that Chairman Misuari has authorized him to convey to the press that the MNLF has nothing to do with the reported kidnapping of the 10 Carmelite nuns and the protestant chaplain of the Mindanao State University in Marawi. The MNLF spokesman also informed this reporter that the kidnapping issue could be the makings of the MNLF sympathizers coalition, who disagreed to the much-delayed pronouncement of the new government on the Moro problem in the south. [end recording]

/9274
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AQUINO RECEIVES FEMALE JAPANESE TOURISTS

HK240416 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 23 Jul 86 pp 1, 7

[Text] "What I would like most is to have the energy of a 20-year-old because of my present job. But being 53 is not too bad, either."

This was the answer yesterday of President Aquino to a collective query of some 100 female Japanese tourists in their early 20's who called on her at Malacanang as part of the government's campaign to promote tourism in the country.

On her dual role as a mother and woman president, Mrs Aquino said; "Being a female president had its difficulties in the beginning [word indistinct] many of our men did not know how to react to a woman president. However, I think I've made it clear to them that I'm the boss. So that's all there is to it."

The president also said she hopes to visit Japan by the end of the year or by early 1987. She has plans to visit Indonesia first before her scheduled official visit to the United States on 17 September.

The Japanese ladies were selected from various fields like sports, travel and music. Some are English enterpreters and participants in the Miss Japan contest. The tour is supported by Philippine and Japanese companies, notable the Philippine Air Lines and Japan Air Lines.

The tourists said their trip was the counterpart of Kris Aquino's recent visit to Japan to promote the Philippines.

"In spite of our problems, we in the Philippines also have some very attractive places for you to see but more important is the fact that we have a wonderful people who will welcome and open their hearts to you," the president said in welcoming the delegation.

The president expressed the hope that the Japanese tourists would be able to tell their countrymen how the Philippines is functioning under a woman president.

She also cited the need to promote the tourism industry in the country as a way to solve the country's economic problems.

"It is time that we joined hands so that we can make a better world for all of us," she added.

Tourism Minister Jose Antonio Gonzalez and Tourism Director for East Asia Bobby Ticzon accompanied the visitors to Malacanang.

The delegation leaves today after its five-day tour of the country's popular tourist spots.

/9274
CSO: 4200/1250

ENRILE, ARROYO DENY REPORTED CABINET RIFT

HK160331 Manila Far East Broadcasting Company in English 2300 GMT 15 Jul 86

[Text] Defense Minister Juan Ponce Enrile and Executive Secretary Joker Arroyo yesterday [15 July] denied the reported rift which many said could lead to their removal from the cabinet. Arroyo confirmed reports that he and Enrile have sometimes had opposing views on certain policy matters but said this should not adversely affect their good relationship. He told newsmen that conflicting views among cabinet members on some important policy issues is a normal thing during cabinet meetings. For his part, Minister Enrile also denied reports of a rift between him and Arroyo arising from the Manila Hotel incident. Enrile said what they should do is try to address the pressing problems of our country and our commodity instead of talking about our struggle or anything of that sort. Minister Enrile said that as far as the Ministry of National Defense and the military are concerned, the Manila Hotel fiasco is now history.

/9274
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ARROYO NOTES 'SECOND THOUGHTS' ON REORGANIZATION

HK220809 Manila MANILA BULLETIN in English 21 Jul 86 pp 1, 11

[By Ding Marcelo]

[Text] Executive Secretary Joker Arroyo said yesterday that the planned overhaul of the government bureaucracy, including the abolition of certain ministries as proposed by the Presidential Commission on Government Reorganization (PCGR) may not be pushed through after all.

Speaking to newsmen, Arroyo said that though some government officials had first watned to abolish certain ministries and other agencies, they are now having second thoughts about it because it will dislocate many government employees and because "these ministries are proving to be viable by themselves."

Arroyo cited the case of the Ministry of Human Settlements which was the main target of the reorganization plan.

He said the concept behind the creation of the ministry is not bad per se. What made it bad was that it was used by former first lady, Imelda Marcos, for her own ends.

The ministry, according to him, has been working well and has proven to be beneficial in carrying out the programs it originally was intended to do.

"What is even better," Arroyo said, "is that the ministry is generating its own finances."

The government, he said, has not formally discussed the proposals contained in the reorganization report submitted by government Reorganization Minister Luis Villafuerte.

"His report is just sitting in my office and we have not found the time to read it or discuss it," Arroyo said.

Villafuerte's report, among others, suggested the abolition of the Ministries of Human Settlements, Tourism, Settlements, Tourism, Information, and General Services.

Only the Information Ministry seemed ready to go on the chopping block. But this has been slowly being phased out long before the Villafuerte report came out.

Arroyo also said that the various proposals creating certain commissions in place of ministries will probably take a long time before they are implemented, if they will be implemented at all.

One of these commissions, the Sports Commission, reportedly got the nod from Malacanang.

Arroyo said sports will most likely remain under the wings of the Ministry of Education, Culture and Sports. Gintong Alay will be retained, he added.

/9274
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RAMOS ORDERS HUMAN RIGHTS PROBE OF MILITARY ACT

HK220735 Manila THE MANILA CHRONICLE in English 21 Jul 86 pp 1, 2

[Text] General Fidel V. Ramos, armed forces chief of staff, ordered yesterday the investigation of alleged human rights violations of the military and the burning of some 50 houses in Negros Occidental during a military operation in that province from 21 June to 4 July.

The Western Visayas military command told Ramos that it had used mortars and other artillery weapons and had burned "all nipa huts" in the Calantong Mountain base during the 13-day operation where three soldiers and seven New People's Army guerrillas were killed.

The Calantong Mountain was believed to be the stronghold of the Negros Island Revolutionary Party Committee's District 3 and where some 80 rebels who conducted two ambushes and raided a constabulary detachment in Hinobaan last 20 June, were hiding.

The Western Visayas command said it conducted "intensive police operations" using artillery and mortar fires as a "unitive action" and to flush out the rebels.

Meanwhile, four enlisted men and two rebel guerrillas were killed when an NPA band raided an army detachment in Barangay Purisima, Prosperidad Town in Agusan Sur.

The Philippine Constabulary in Region 10 identified yesterday the fatalities as Sgt Salvador Lompoy, Cpl Pic Rubillos and Pfc Felix Eltagon.

The military has not identified the NPA fatalities one of whom was a woman.

The belated military report said yesterday the army soldiers surrendered after an undetermined number of NPA guerrillas overran their detachment last 11 July at around 11 a.m.

A reinforcement unit from the 8th Army Battalion on board a 6 x 6 truck was ambushed on barangay La Purisima. Another reinforcement unit from the 4th Army Brigade engaged the NPA ambushers.

The rebels also burned the Liberty Forest Logging Company in the vicinity including three heavy equipment, the military said.

The military also reported that five persons were massacred by unidentified men at Lustre Interior, Zamboanga City, last Friday.

/9274
CSO: 4200/1250

ASSEMBLYMEN URGED TO END 'GREEN CARD' STATUS

HK220755 Manila MANILA BULLETIN in English 21 Jul 86 p 6

[By Jesus Bigornia: "New Government, the Same Old Corruption"]

[Excerpt] With but a couple of notable exceptions, erstwhile "steak commandos" now at the helm of government have yet to make public avowal of their allegiance to the Republic of the Philippines. Only Natural Resources Minister Ernesto Maceda and Agrarian Reform Minister Heherson Alvarez have so far announced they have renounced their "green card" and "refugee document," respectively, prior to an expose triggered by former Assemblyman Renato Cayetano. Tagged as "green care" (temporary residence) holders from the United States Government, Presidential Commission on Good Government (PCGG) member Raul Daza and Cebu City Mayor John "Sonny" Osmena have remained silent. So has PCGG member Ramon Diaz, widely suspected as a resident of Canada.

The Cayetano expose was triggered by debate in the Constitutional Commission on Dual Citizenship. For leaders of the government to cling to resident status in the U.S. and other countries. Cayetano says, is proof of their lack of confidence in the stability of the regime. The bottom line is, Cayetano points out, "how can the mass of Filipinos trust leaders who legally are residents of a foreign country?" Cayetano suggests that these officials publicly take their oath of allegiance to the Constitution and the Republic of the Philippines.

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CSO: 4200/1250

GOVERNMENT BEGINS REINSTATING CIVIL SERVANTS

HK230409 Manila MANILA BULLETIN in English 22 Jul 86 pp 1, 8

[Text] The government started yesterday reinstating civil service employees dismissed indiscriminately after the February revolution.

The reinstatement was ordered by a presidential review committee created by President Aquino to look into the appeals of dismissed civil service employees.

Justice Minister Neptali A. Gonzales, committee chairman, said he has ordered the heads of ministries, agencies, and local governments to reinstate an initial batch of five employees whose appeals were found meritorious.

Ordered reinstated were Vivian Taganra, supervising medical technologist of Valenzuela, Metro Manila; Luisito Lim, municipal secretary of Concepcion, Tarlac; Abraham Layugan, forest guard of the Ministry of Natural Resources; Basilisa Malana of the National Kidney Foundation; and Jesus Nazareno of the Ministry of Tourism.

Gonzales said a total of 130 appeals had been received by his committee as of yesterday. Of the 130 appeals, 36 cases have been resolved.

He said the committee dismissed 31 appeals for having been filed out of time, for lack of jurisdiction, for desistance, or for lack of merit.

Gonzales said the committee is expected to order the reinstatement of more dismissed employees because of the failure of their agencies to respond to subpoenas issued by the committee.

Under the committee rules, the concerned ministry, agency, or local government is directed to comment on an appeal filed by a dismissed employee.

Gonzales said failure of the ministry, agency, or local government to file its comment with the prescribed period means resolution of the appeal in favor of the employee.

The committee also declared that a reinstated employee should be reappointed to his former position or to a position of comparable rank and salary. Aside from Gonzales, the committee is composed of Executive Secretary Joker Arroyo, Budget Minister Alberto Romulo, Reorganization Minister Luis Villafuerte, Civil Service Chairman Celerina Gotladera, and Audit Commission Chairman Teofisto Guingona.

/9274
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STUDENTS VOICE DEMANDS IN OPEN LETTER TO MINISTER

HK220730 Manila THE MANILA CHRONICLE in English 20 Jul 86 p 2

[By Tess Villanueva]

[Text] Eleven national and regional student groups yesterday said they will march to the Education Ministry tomorrow for final negotiations with Minister Lourdes Quisumbing on various demands before they call for nationwide strikes on 24 and 25 July.

The student organizations are asking for a Magna Carta on the democratic rights of students, a special committee to review the content and design of Philippine education, and the rollback of tuition fees.

In an open letter to Quisumbling, the students, led by the 20,000-strong League of Filipino Students [FLS], also called for a freeze and view of all foreign-funded educational programs, and the immediate implementation of the following demands:

--Restoration of all autonomous, democratic and representative student councils and publications.

--Recognition of legitimate student organizations.

--Unconditional re-admission of all students expelled or suspended since the start of the school year for joining protest activities and abolition of the practice of expelling or suspending activist students.

--A stop to the use of goons, police and military personnel in schools to intimidate and harass students.

--Student representation in all MECS [Ministry of Education, Culture and Sports] and school policy-making bodies.

--Scrapping of the National Service Law and re-orienting military training programs in schools.

Other student groups joining the march to MECS are the National Union of Students of the Philippines, the College Editors' Guild of the Philippines, the Student Christian Movement, Kamalayan, Samahan ng Mag-aaral [Awareness, Association of Women Students and Youth] at Kabataang Kababaihan, the August Twenty-one Movement Youth and the Kabataan para sa Demokrasya at Nasyonalismo [Youth for Democracy and Nationalism].

Regional student groups, such as the Bicol Union of Students and Youth, Alyansa [Baguio, Benguet Student's Alliance] ng Mag-aaral sa Baguio at Benguet, and the Southern Tagalog Youth Soliditary for Development, also pledged to join the march to MECS, an LFS statement said.

LFS also said their National Council will hold an emergency meeting today to finalize plans for coordinated mass actions on 24 and 25 July should nothing come out of their dialogue with Quisumbling.

The students threatened to barricade their campuses and to boycott classes on those two days if their demands are not met.

/9274
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PAPER INTERVIEWS AGRARIAN REFORM MINISTER

HK210947 Quezon City NEW DAY in English 21 Jul 86 MAGAZINE p 4

[By Eric Gamalinda]

[Text] If the government were to set Minister of Agrarian Reform Heherson "Sonny" Alvarez loose, he would change the landscape of the Philippines forever. Not just the topography, but the social and economic texture as well. This on the surface may not be apparent. Unassuming and soft-spoken, Sonny Alvarez may not exactly be one's idea of a freedom fighter. He talks of "replenishing our values and redefining our goals," and enthuses that "the slogans of democracy which we find in our old Constitutions seem to find new shine now."

Yet behind seemingly benign protestations his is a task that will make or unmake the Aquino government. In his hands lie the final social and economic solution: The distribution of land, genuine land reform, that will hopefully quell unrest and discontent in the land. He practically holds the future in his hands, but his ideas go beyond land distribution, so much so that it will be small wonder if less enlightened rightist elements in government should eventually throw their favorite brickbat, the communist bogey, at him.

Alvarez typifies the new bureaucrat introduced by the new dispensation: Vibrant, progressive, possessed of unusual, often surprising ideas. A debating whiz kid at UP [University of the Philippines] and later Master Degree holder in Public Administration from Harvard, Alvarez, 48, and the first Ibanag in the Cabinet, was cited as one of the most brilliant delegates to the Constitutional Convention in 1972. As an oppositionist to Marcos' attempts to manipulate the convention, he was ordered arrested upon the imposition of martial law in 1972, went underground, was issued a shoot-to-kill order, and managed to escape to the United States via the Zamboanga backdoor.

In the U.S. he became secretary general of the Movement for a Free Philippines and later founded a network of human rights groups that was later to be called the Ninoy Aquino Movement for Freedom, Justice, Peace and Democracy, or NAM. Through this group Alvarez documented the Marcoses' hidden wealth, providing footage of Orly Mercado's documentation of the deposed couple's "misappropriations," so to speak.

"My work in exile," says Sonny Alvarez, "was a people's work. It was always hooked up to the question of restoring free expression and liberation of the country. I've never done anything except work for human rights abroad" true enough in 1985 the Fund for Free Expression of America awarded him the Outstanding Human Rights Award in New York City. He has been helped greatly by his wife Cecile Guidote, formerly of the PETA, who staged theatrical works to dramatize their issues. They have two children, Mexilon (10) and Xilca (5). "We were very much in touch with what was happening here," he says, "and we made sure the U.S. media picked up our vignettes so that from an audience of a few hundreds we focused on a few thousands, or even millions."

Alvarez is concurrently ambassador extraordinary plenipotentiary, and has been credited with floating the idea of selling "Cory Bonds" in the U.S. to support the Philippine economy, a proposal however opposed by more traditional members of the Cabinet. It is his role as minister of agrarian reform, nonetheless, that bears watching, and which we focus on in the following interview, which was conducted the day after a presidential consultation trip to Cagayan de Oro City.

NEW DAY: Barring any opposition to your plans, what ideally would you like to happen regarding land reform?

Alvarez: In the Mindanao area, there is a clamor to open up more virgin lands, so to speak, or areas for resettlement, for people who are living in tenancy farms because there are indeed available areas of land for resettlement, for people who are living in tenant-rent farms and for people who don't have land for themselves. But this will be a very costly operation because this will involve construction infrastructure. So this will have to be undertaken on a long-run basis. We cannot achieve this as fast as we may want to.

On the problem of rice and corn, I think the program will go ahead smoothly, especially after we would have instituted the computer system. We can move fast in Mindanao.

There is some resistance from small landowners to the expansion of land reform to cover other cash crops. I think they say, and this is a well-founded claim, that they themselves have gone there to open up land; they were settlers, and not people who inherited their land. Morally, they think they are as equally deserving as the tenants who claim the land. We will look into this problem more carefully, and see whether when we move into the other cash crops in land reform, certain accommodations can be made for tillers themselves, because these are tiller-cultivators although the size of their holdings are slightly bigger. Some of them are as big as 50 hectares, some are smaller, about 20 hectares, and because of this economic size they were able to provide themselves with their own machinery and were able to undertake more progressive farming techniques.

The idea of land reform is to have owner-cultivators, not tenants who are in bondage to a landlord. In Mindanao there are plenty of owner-cultivators who had gone there as settlers. Some of these people have adopted very progressive techniques so much so that they have provided themselves with machines, and they've been employing very modern techniques of cultivation. And they have prospered, they have improved. These are the people who are very much concerned about [word indistinct] land reform program. If we move into land reform in other areas we have to take into account the position of these people.

ND: What exactly do you mean by "privatization of government land"?

Alvarez: There are extensive tracks of government lands; they call this alienable and disponsable lands. After timber has been cut, the timber lands become available for titling to private individuals. Some of these lands have either been occupied by big corporations or have been leased to foreign multinationals. There is a clamor to privatize this, to divide it and distribute it instead of being held by the government. This is a program that you msut undertake so that the pressure of the extensive population wanting to own land may be satisfied. You have to be able to subdivide the land and distribute it.

ND: Who will you distribute the land to?

Alvarez: We will have qualifying schemes, of course. The more deserving will be given land. Those who already have land will not be entitled to buy this land from the government.

ND: Is there any gauge or any standard to determine who are the deserving recipients?

Alvarez: Yes, there are standards being observed, even for settlers. Usually the settlers are the ones who don't have any land, and are put in place. There are special settlement cases, for instance the rebel returnees who are going to be placed in certain resettlement programs. That in itself--coming back to the fold of the law and abandoning the use of revolutionary means to gain the land--is a standard already that we're going to have for the settlers. Even the CHDF [Civilian Home Defence Force], if they are disbanded, will be welcomed if they want to go back to the soil.

ND: It has been said that the main task of this ministry is basically focused on the distribution of land.

Alvarez: That's true, but more than that I think is to provide a measure of social justice. A certain class or group of people has always been on the receiving end of the poverty syndrome. They don't own the means of production, the land. For generations they've been tied to the soil, working the soil, but not having the benefits of the land. When you distribute land, you're actually seeing to it that they will have a fairly even chance of making a better life. But if you give them land--and maybe these people have never managed property before--and leave them to their own devices without any support system, you might be creating another level of poverty, slightly better where they came from, but still a second generation encountering the same difficulties, because you have not provided the necessary economic and social support system for them to be able to manage their newly owned property. They may never have had experience of planning, so the government, more than just giving land, must provide the totality of the package of incentives, so that they will have a slightly better life.

ND: What does this economic and social support system consist of?

Alvarez: Credit, for one. Credit has always been made available to big business, so why shouldn't it be made available to small tillers who are trying to eke out a living, for them to buy a water buffalo or even a machine if he wants to mechanize? Also the availability of feasible supplies and inputs, like fertilizers and pesticides. When we do our resettlement schemes, it will not be enough that we distribute and break down the land. We have to figure out that in distributing the land, we are also designing a market for the produce of the land, otherwise they may be producing camote and then there's no market for it, so you disappoint the settlers. You have not really provided them with the opportunity to a new life just because you gave them a piece of property to till. You have to give him the opportunities fo him to make his labor meaningful. That's why systems like the Ministry of Trade or the Ministry of Agriculture side by side with the Ministry of Agrarian Reform would band together and help together these new owner-tillers to market his goods to target areas where he can really dispose his produce.

ND: That all seems very easy in theory but I think this brings us back to what was brought up in your farmers' convocation several seeks ago. They said that one of the problems was that you still have to break down the structures of feudalism, which is a very old problem.

Alvarez: Feudalism is a very bit word. You cannot blow it away with wishing to break it down; you really have to get down to parts. When you speak of feudalism, you're talking of difficult systems of management. You cannot say that after you distribute land, you've broken feudalism. You're breaking certain habits of management. You'll have to be able to look into the details, what causes the farmer to be poor. It's not because he does not own land, it's because he does not participate in the benefits of the transaction that involves land. The devil is in the detail; that is the detail you have to look into. So you have to look into the market forces as well. The support system is part of the market system. If you have somebody controlling a monopoly of the supply of fertilizer, sure, you've given him a piece of property, perhaps three hectares that he's never owned in his life, and he will produce more cavans of rice, but somebody sucks the profits, he produces more but spends more. If you look at the history of the high yield variety, actually farmers have increased their capacity [words indistinct], but they've also increased their expense for inputs. So while he may have increased his production by 400 percent, he increased his expenses almost by the same magnitude. Somebody has been reaping his energies. It may be difficult, but it's not simplistic. It's not the slogan of breaking down feudalism.

What do you mean by breaking down feudalism? The forces of feudalism are not anymore concentrated in traditional control of the land itself. Feudalism is a descriptive simplification of a mode of production centures back.

But the community has expanded. It's far more than a feudalistic country; it's a modern economy working side by side with certain unjust fetters of agrarian relationship.

Feudalism is a very misleading word, you know; it's a catchy slogan especially for us, who are involved in social change. But when you look down into the details, what you see are management problems which you have to attack part by part. I really found it difficult: I went to the ASEAN conference and I asked the ambassadors and ministers how we can sell some products to them, and I ended up talking with the ambassador from Brunei and he said you can sell us sili (hot pepper). They buy about five million from the outside market. So easily we can sell 250,000, especially if it's a Muslim settlement; we can sell some sili to Brunei, which is paid by the government and sold to the people at subsidized cost. These are the little nitty-gritty that we enter and it's difficult, it's tough, but you have to take it by parts; you can't just blow it away by saying a slogan. Ano yong [what is the meaning of] bring down feudalism? I will distribute all the land available, break them into parts. But if you don't have a system of husbanding the energies and making the energies of those who would till the land more meaningful and beneficial, you would have only broken down the structures of cultivation, of ownership. But the very system that brings poverty to the farmers will still remain intact.

ND: Are you suggesting that in order to corner certain markets we have to abandon certain crops in favor of others?

Alvarez: We may have to do that in certain cases. I mean, we have to be a little more free to be flexible. We have been too traditional. When we have a piece of land the farmer thinks of rice and corn. We may have to think of cash crops that we may have to export. We're now thinking in terms of mangoes, fruits, for certain markets like Singapore, Japan, even the United States. I mean if it's more profitable to plant camote, why not plant camote? We now have a system of planting camote and producing two tons per hectare and chopping these into pieces and selling them as feeds to Germany and France. Why not plant kamoteng kahoy [cassava] where we can produce ten tons per hectare if well taken care of, and then produce ethanol alcohol, biodegradable organic alcohol, and sell it to Germany for a higher margin of profits? We cannot afford to get our farmers stuck in 18th century conceptions of what a farmer is, meaning planting rice and corn, and using plantation schemes like planting sugar for a refinery when the sugar market is already drastically contracted. That sugar land may have to be transformed into a modern dairy farm, or into a duck farm. We are responding to a modern world situation. We have remained in poverty because our response sometimes is not just feudal, which is part of the question as feudalism has been an impoverishing system of relationship, but also because we have failed to modernize in more ways than just machines. Our schemes of management should adjust to the demanding realities of producing for the markets.

ND: What has been the response to your suggestions?

Alvarez: I think the Ministry of Agrarian Reform and other ministries will realign. We are going to have a coordinating center for rural development among the ministries that are involved with land. Banking and financing schemes, the marketing and trading schemes, these should all have part in settling this big problem. We cannot be just the Ministry of Land Reform and therefore the Ministry of Breaking Down Huge Land Ownership; we have to penetrate other areas as well.

ND: Do you receive any guidelines from other entities or agencies, for example the World Bank, on how you should go about your programs?

Alvarez: No, I don't think they would do that, or would presume they'd be able to do that. Many of these officials are quite informed. I think they know me, even before they know me personally; we will have our own guidelines for ourselves here, and we will use them as much as we can for the good of the program. We are humble enough to realize that many programs could not be undertaken without assistance from multinational agencies. This gentleman fromthe Oorld Bank was here and he has his own thrusts, but I will see how we can fit into that thrust or how he can fit with us. There are certain [words indistinct], even from the USAID. But we don't want to lose sight of the fact that this is a social justice program; [word indistinct] a left-of-center program. There will be no hidden agendas in my program to support other programs of bigger interest groups. If I were to make a choice between losing funds and serving the cause of social justice, I would rather lose funds. I have no doubt about that: my role to me is well defined. I have no confusion of ideology or purpose in land reform.

ND: What do you hope to achieve within your seemingly very short term?

Alvarez: In a very short term I hope to be able to have distributed considerable land to the landless, especially to the landless tenants. We have not addressed ourselves to the landless tenants; we have only addressed ourselves to rice and corn. There are many areas where the tenants have been neglected. There are starving lands; there are also many areas where it's recorded that there are landless tillers--people who have no title to the soil, nor even a tenancy relation to the soil. It is now a known aspect of social injustice, and I think we would have created a good program if we are able to define that, aside from the fact that we can pursue land reform per se.

ND: It seems a very difficult task as you'll certainly be meeting opposition from the landowners.

Alvarez: I've been meeting opposition from very sophisticated sectors of society. The landowning class has always been the best educated, the most healthy, the best clothed; they can take care of their sick, their aged, and their children. They're a class unto themselves. They make and unmake presidents. So it will not be easy, and I'm even more frightened if we shall have had a congress. You are going to elect there people of the urban elite; although they come from the provinces, they were educated in UP or Ateneo, here in the great city of Manila, with very urban outlooks and very minimal awareness perhaps of the needs of the suffering masses in the countryside. I've never thought that this problem would be easy to handle. But to make the problem stand out and cry for solution is one of our principal objectives. We're always thinking of industrializing and moving into the electronic age; we've never seen the countryside. That's where grinding poverty is. Here, we are the ones who read the papers. We talk about ourselves. You're lucky if a farmer gets hold of a paper; the poorer you are, the less you know about what's happening in the world. The lack of information is one of the grave symptoms of poverty. So that solutions to the problem are defined by people who are not involved in the problem; that's why this problem is buried, and we talk of industrialization. As a matter of fact we should be producing for consumption, for improving the lives of the poor, especially in the countryside.

ND: So one of your problems is how to get the sympathy of the urban elite.

Alvarez: No, perhaps one of the problems is to make the countryside realize how it can assert its right and make its problem known, and for the people in the urban centers to get to inform people that the problem there exists, and it's as much their problem as the problem of the people in the countryside. They cannot separate themselves for having their silver ghettos.

ND: I imagine this will be very difficult to achieve.

Alvarez: Well, I don't presume to be able to implement all the things that I dream of doing in this ministry, but I'll do as much as I can. We have had a problem against authoritarianism, and I think a lot more people are aware now that totalitariansim means, or what people's power means. As you point out, it's not easy; thirteen years may not have been enough for us to politicize the whole country. But I think the politicalization process has borne fruit: the fact that people responded means that all through the years there's been an accreditation of information and sensitivity, and that people were prepared throughout.

ND: Should I presume then that you're optimistic about the current situation?

Alvarez: Yes, I'm very hopeful. I think the right attitude of leadership, the right caring for people is there. We have seen through a generation of politicians who were too shrewd, too calculating, too self-oriented. Now we see people who are caring. There might still be a few holdouts, but they're becoming an embarrassment.

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CABINET MEMBERS 'LOBBIED STRONGLY' FOR OIC CANDIDATES

HK231145 Quezon City ANG PAHAYAGANG MALAYA in English 18 Jul 86 pp 1, 7

[By staff member Butch Fernandez]

[Text] A number of 'powerful' Cabinet ministers in the Aquino government, including Defense Minister Juan Ponce Enrile and Political Minister Antonio Cuenco; lobbied strongly for their respective officers-in-charge [OIC] aspirants in the various local units, Local Governments Minister Aquilino Q. Pimentel Jr disclosed yesterday.

In a speech delivered before the Public Relations Society of the Philippines at the Hotel Intercon in Makati, Pimentel also admitted that "our judgment in the choice of OIC's is not perfect." He said an election is the only sure fire way to determine the real choice of the electorate.

"But neither has that judgment been warped by any undue consideration. I will never allow any friend, or any foe, or any relative to prostitute our office with anything to facilitate the issuance of OIC designations for anyone," said Pimentel.

Saying the present crop of OIC's were "subjected to a screening process that may be admitted to be imperfect," Pimentel explained, however, that "recommendations were received from all sectors of society and were given due course."

Pimentel added that the OIC posts being "highly political jobs," there was no way, he said, by which the "voices of politicians and political parties, especially those who opposed the Marcos regime genuinely or even as 'balimbings' [turncoats] could not be avoided."

He named as 'examples' the "voices" of Simon Valdez in Ilocos Region; Defense Minister Juan Ponce Enrile in Cagayan Province; the PDP-LABAN in [Philipino Democratic Party-Lakas ng Bayan] in Central Luzon; the Laurel family in Southern Tagalog; National Food Authority Administrator Emil Ong and Presidential Good Government Commissioner Raul Daza in Samar and Leyte; ex-MP's Fermin Caram and Arthur Defensor in Iloilo; Political Affairs Minister Antonio Cuenco and Deputy Minister Nenita Daluz in Cebu; and the Laurel-led Unido [United Nationalist Democratic Organization] in Sulu and Tawi-tawi.

The recommendations of these politicians, Pimental admitted, had to be given much weight often, he said, "to the bitter disappointment of people who had been bypassed, including their partisans, and, sometimes, to the consternation of the ordinary man on the street."

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CSO: 4200/1250

ILOCOS SUR GOVERNMENT 'STALLED' BY OIC IMPASSE

HK211306 Manila MANILA BULLETIN in English 19 Jul 86 p 8

[Text] Vigan, Ilocos Sur--A virtually broken government has stalled Ilocos Sur and unless an iron-fist policy is adopted by the national leadership, the province will remain at a stand-still and its residents confused.

This is the assessment of a non-partisan group which, along with the Amianan Association of News Correspondents, conducted recently a sectoral survey on the province's political condition.

The group found the province split into a dejure and a de facto leadership as terminated Gov Luis "Chavit" Singson still wields political authority that "elicits an equally obedient local leader."

On the other hand, Governor-designate Sally Villanueva, former Narvacan vice mayor, while "trying hard" to seize power, is reported gradually losing hold of her phalanx of newly-designated town officer in charge [OIC].

Differences in Villanueva's camp continues to bug the lady official's administration, the group said. It cited "silent maneuvers" allegedly initiated by Villanueva's men principally to replace some OIC's have sparked the grumblings within the faction. [as received]

As a result, only two of the 34 replacements for municipal posts have so far "secured" their seats. It was learned the two town officials--Antonio Abaya of Candon and Aida Cardenas of San Esteban--ascended to power without Villanueva's support amidst threats of people barricade by the Singson camp.

Meanwhile, Singson and his minion of incumbent town mayors continue to serve their constituents at their respective town halls while the OIC's, not excluding Villanueva, hold their offices elsewhere.

Earlier, Singson vowed after a series of dialogues that included an audience with President Aquino, that he will only yield power "to anybody except the Villanuevas" and that he will not abandon the provincial capital where some loyal followers have encamped.

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REPORTAGE ON ACTIONS TAKEN BY CONCOM

Passes Bill of Rights Article

HK220258 Manila PHILIPPINE DAILY INQUIRER in English 20 Jul 86 pp 1, 2

[Text] The Constitutional Commission [ConCom] passed yesterday the article on the Bill of Rights which enshrines collective and individual liberties and dismantles the legal foundation upon which Ferdinand E. Marcos had built his authoritarian rule.

A separate article on suffrage, which grants two million Filipinos abroad the right to vote, was also approved by the body.

Aside from the abolition of the death penalty which was passed in the early period of amendments, the Bill of Rights contains other features which are in dramatic contrast to the 1973 Constitution.

The unlimited rights to travel and change abode are provided. The idea, a ConCom member pointed out, is to prevent the "hamletting" of entire barangays during military campaigns against insurgents and secessionist groups.

A provision declaring illegal the detention of people "merely by reasons of their political belief" was also included.

The right to bail even during periods when the privilege of the writ of habeas corpus is suspended was provided in the article.

People accused of crimes are also entitled to "competent counsel" under the new Bill of Rights. Testimonies extracted under duress cannot be used against the accused.

The article also dismantled safehouses, secret interrogation chambers and underground places used by law enforcers to investigate people accused of political and criminal offenses.

The legal structures built by the ousted president to further his authoritarian rule were also shattered by the new bill of rights.

The privilege of the president and his chosen surrogates to issue search and seizure orders and warrants of arrest was stripped. That power was left exclusively to the court.

The objective is to end the presidential privilege to issue arrest, search and seizure orders, presidential commitment orders and preventive detention action (PDA) which the ConCom members said were used unsparingly by Marcos to jail political enemies and critics of his regime.

This provision was complemented by another section which limits to two grounds the basis for suspending the suspension of the privilege of the writ of habeas corpus: invasion and rebellion.

Insurrection and imminent threat thereof were grounds for suspending the privilege of the writ under the 1935 and 1973 constitution.

The courts' exclusive power to issue warrants of arrest and search and seizure orders was upheld and, [words indistinct] explained, has a bigger implication aside from curbing the powers of the president and his chosen surrogates.

This provision virtually strips the Presidential Commission on Good Government [PCGG] of its power to issue writes of sequestration and search and seizure orders.

A ConCom member said the PCGG has to appeal for a provision in the transitory provision in the new Constitution if it wants to retain its broad sequestration powers.

The article on suffrage, a carry-over from the 1973 Constitution was passed by the body late in the afternoon. The article allows two million Filipinos working overseas to vote in local and national elections.

The details of the suffrage privilege of overseas Filipinos will be left to the legislature, Joaquin Bernas, S.J., who presided over yesterday's committee deliveration said.

A last minute effort to disenfranchise illiterates was also voted down in the ConCom, according to Bernas.

Approves Bicameral Legislature

HK220255 Manila Far East Broadcasting Company in English 2300 GMT 21 Jul 86

[Text] The Constitutional Commission [ConCom] yesterday voted to have a bicameral form of legislature. More on this from Art Pabilion.

[Begin Pabilion recording] The Constitutional Commission in its plenary session yesterday afternoon voted to have a bicameral form of legislature with 23 votes as against 22 votes for a unicameral legislature. Earlier, the commissioners engaged in a lively debate on the merits of both the unicameral and bicameral forms of legislature. The legislature committee led by the Honorable Hilario Davide, Jr, presented its report to the body for discussion. The committee had endorsed a unicameral national assembly. The Honorable Commissioners Soc Rodrigo, Gregorio Tingzon, [name indistinct] and ConCom Vice President

Ambrosio Padilla took the floor in support of a bicameral legislature. [end recording]

On the military bases issue, an unexpected fireworks erupted over the U.S. military bases at the Constitution Commission Committee on Preamble, national territory, and declaration of principle which had already voted on the issue last 17 July. The emotional exchange of words between Crispino de Castro on the one hand and Commissioners Felicitas Aquino and Edmund [name indistinct] on the other, followed remarks put into the record by Commissioners Gregorio Tingzon, Bernardo Villegas, and Serafin Cuingona. Tingzon Villegas were then in the U.S. when the 12 July voting was made. [as received] In that meeting, the total abrogation of the Philippine-U.S. bases agreement after 1991 was approved.

Fixes President, Vice President Tenure

HK230217 Manila Far East Broadcasting Company in English 2300 GMT 22 Jul 86

[Text] The Committee on Amendments and Transitory Provisions of the Constitutional Commission [ConCom] chaired by Commissioner Jose Suarez agreed to fix the terms of the incumbent president and vice president to 6 years from 25 February 1986. The committee also agreed to synchronize the presidential elections to those of members of congress to save the country's elections expenses.

However, Commissioner Blas Ople, who offered a resolution that could make President Aquino and Vice President Salvador Laurel submit themselves to a new election after ratification of the constitution, expressed his intention to present his position when the issues are discussed at the ConCom plenary session.

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SOME MILITARY PERSONNEL NOT COOPERATING WITH PCHR

HK231131 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jul 86 pp 1, 7

[By staff member Desiree Carlos]

[Text] "Exceptional individuals" in the military have refused to cooperate with the Presidential Committee on Human Rights [PCHR] which is investigating alleged human rights violations committee by members of the military, committee vice chairman Jose B. L. Reyes said yesterday.

In a press conference at the University of Life, Reyes also disclosed that the committee has expressed "conformity and assent" to a resolution filed at the Constitutional Commission proposing that the PCHR be turned into a commission.

The proposal, presented by Commissioner Vicente Foz, seeks to make the PCHR a permanent and independent government agency.

"This (the move) would free us from any governmental or political pressure," said Reyes.

Reyes said the PCHR has sought the help of the military in investigating human rights cases. "Except for exceptional individuals, we are getting cooperation," Reyes said. He added: "We are not at liberty to divulge the names of these exceptional individuals."

Brig Gen Samuel Soriano, head of the Judge Advocate General's Office, said the lack of cooperation on the part of some military men is "individual misbehavior" and do not represent the general attitude.

Reyes warned that the committee may be forced to ask the military establishment to take action against "uncooperative" officers and men.

Lawyer Haydee Yorac said the committee is at present going over evidence to determine if violations were indeed committed by some members of the military.

She said those accused will be subpoenaed to appear before the committee to present their side.

Yorac said the committee will act on the Aquino-Galman double murder case after the Supreme Court decided on petititons to declare the Sandigan-Bayan proceedints a mistrial.

She said the committee has "additional evidence" on the slayings. She did not elaborate.

Reyes also said the committee is preparing a letter for AFP [Armed Forces of the Philippines] Chief Gen Fidel V. Ramos in reply to his request that the committee investigate abuses committed by members of the New People's Army.

The committee, Reyes clarified, is only tasked to investigate cases of human rights violations committed by government and military officials and persons acting in their behalf.

"We do not have the power to prosecute. We can only recommend. The abuses committed by the NPA should be handled by fiscals, special prosecutors and other government prosecuting agencies," Reyes said.

/9274
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COMMITTEE SUPPORTS MAKING PCHR CONSTITUTIONAL BODY

HK211103 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 11

[Text] Anticipating political and military pressure the Presidential Committee on Human Rights [PCHR] Wednesday unanimously backed a ConCom [Constitutional Commission] proposal to make it a constitutional body, free from any outside interference.

The proposal was made last Friday to ConCom members Rene Sarmiento and Edmundo Garcia.

The elevation of the committee to a constitutional commission will enable it to function "with complete independence," PCHR Vice-Chairman Jose B. L. Reyes said in a press conference Wednesday.

A constitutional mandate will also provide the committee with "greater stability," Reyes said because the body's sensitive work will not tolerate interference from any authority or institution. All PCHR members are "in conformity" with the proposal, he said.

Reyes said that some military officials are hindering the progress of the committee due to their "refusal" to cooperate with the human rights probe.

The military in general has been helping us, Reyes said, "except for certain individuals." The former Supreme Court justice said the body will discuss this "non-cooperation" with the Defense Ministry and the AFP [Armed Forces of the Philippines].

"The panic among military men stems from wrong notion that they will all be punished after we have completed our investigation," PCHR Executive-Secretary Antoniao Quintos told the INQUIRER. They should not be worried since those guilty may "probably not even constitute 2 percent of the whole number of military men" in the country, he said.

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TRADE UNIONISTS, MINISTER COMMENT ON KMU ACTIVITIES

TUCP Congress Attacks 'Anti-Democratic' Forces

HK150349 Manila THE MANILA EVENING POST in English 12 Jul 86 pp 1, 3

[Text] Anti-democratic forces in the guise of nationalism are behind the move of the Kilusang Mayo Uno [1 May Movement] (KMU) to wage an attack against Defense Minister Juan Ponce Enrile, Gen Fidel Ramos, AFP [Armed Forces of the Philippines] chief of staff, and other top military and public officials for allegedly upstaging the civilian government on the loyalists' rebellion.

The Trade Union Congress of the Philippines (TUCP) made this accusation in the wake of the KMU rally in front of Camp Crame on Epifanio de los Santos Avenue yesterday to denounce the "militarists" in the Aquino government.

TUCP officers, led by Secretary General Ernesto Herrera, said the KMU rally is a "systematic effort to further drive a wedge among members of the national leadership to weaken democracy in this country."

The slur on Enrile and Ramos was unjustified, TUCP said, because the two officials "have proved themselves staunch defenders of democracy against communism, be it in the guise of national democracy or nationalism, both of which actually aim to establish totalitarian dictatorship by a communist politburo."

TUCP viewed the KMU protest as an apparent attempt to "discredit and emasculate the uncompromisingly pro-democracy leaders as part of the communist ploy to destabilize the government politically as well as economically."

It said the ultimate goal of this is to give way to a "coalition government."

Such a strategy has been used too often by communists in many parts of the world, TUCP said.

The militant KMU, under the leadership of leftist-leaning Rolando Olalia, chairman, and national spokesman Crispin Beltran, "is posturing as a legitimate workers' organization, whereas it is actually a communist front," the TUCP said.

TUCP said KMU is in fact always quick to brand anyone all sorts of names while it "soft-sells totalitarian politburo dictatorship as national democracy."

But since every communist country is a satellite of either of two communist world powers, TUCP added, "the arrangements they seek to achieve are not at all nationlist but in fact colonial."

TUCP also calls "xenophobic pseudonationalism" efforts of the KMU to remove the U.S. bases in the country.

TUCP said the importance of the U.S. bases to Philippine security cannot be left to "cockeyed advocates of nationalism."

Minister Views KMU-Led Strikes

HK151551 Manila MANILA BULLETIN in English 15 Jul 86 pp 1, 14

[Text] Cebu City--Political Affairs Minister Antonio V. Cuenco has expressed grave concern over the growing number of strikes in Metro Cebu that dislocate thousands of workers and cause heavy financial losses to numerous business firms.

Cuenco said most of the strikes were called by local labor unions affiliated with the Kilusang Mayo Uno [1 May Movement] (KMU). He said from March to June alone, some 30 strikes were staged by KMU affiliate organizations.

Cuenco shared the sentiments of other labor groups, notable the Trade Union Congress of the Philippines [TUCP], which warned of a serious deterioration of the Philippine situation if democratic groups fail to unite against the challenge of the communist threat.

The TUCP said that stopping the communist-inspired agitation campaign and violence is a matter of vital importance to all democratic-loving Filipinos.

TUCP Secretary General Ernesto F. Herrera said: "We should not be fighting on partisan lines but all democratic Filipinos should face together the urgent tasks of stabilizing our economy and countering the communist activities that are designed to establish a totalitarian state dictatorship in the guise of socialism."

Cuenco said the demands of KMU-inspired strikes have nothing to do with the economic needs of the workers, making the settlement of labor disputes very difficult.

"Instead of presenting to management their legitimate economic demands, the strikers are asking for the removal of the U.S. bases in the Philippines," Cuenco lamented.

Charging KMU with being a communist-leaning organization, Cuenco said this particular labor group derails the country's economic recovery program.

He said this is probably the reason Labor Minister Augusto Sanchez reportedly severed his ties with KMU.

The minister noted that even in Metro Manila, there is a strong sentiment against the activities of KMU among the ranks of other legitimate labor organizations and the business community.

Cuenco called on the workers to resist the KMU when their very own survival is at stake.

Unionist Says KMU Communist Front

HK211009 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 10

[Text] Trade Union Congress of the Philippines Secretary General Ernesto Herrera said Wednesday that the Kilusang Mayo Uno (KMU) is a "transmission belt of communism" which receives funding to support the "underground movement" from various communist blocs like the European Support Group (ESG) and the Australian Asian Workers Link (AAWL).

Herrera said the AAWL reportedly sent A$150,000 to the KMU for "workers education advancement."

Herrera, speaking before the personnel managers of Metro Manila five-star hotels, said that KMU has no legal personality to receive any financial support because it is not a registered labor organization.

The AAWL labor center in Sydney, Australia admitted, in a letter to Herrera, that it is sending funds to the KMU.

However, Herrera said the support the KMU receives is being used for communist indoctrination programs.

Communist indoctrination activities propagate Marxist-Maoist theories and misrepresent the role of private ownership to favour communist control of capital, Herrera identified the five stages of KMU's indoctrination program:

1. Pambungad na Aralin Maggagawa (PAMA)--an eight hour session which is followed by its supposed Genuine Trade Unionism (GTU), a series of class struggle courses lasting three days and two nights.

2. Basic Mass Course lasting five days and four nights which inculcates communist ideology under the guise of socialism.

3. The Five Golden Rays or Limang Gintong Silahis which is made up of writings of Mao and centered on the strategy of protracted struggle.

4. Batayan Kultura Pag-aaral (BKP)--A ten day live-in course that finally transforms the workers into Communist Party members. The members then undergo cadre services which is field training lasting six months after which the worker is qualified to join the New People's Army (NPA) or Bagong Hukbo ng Bayan.

/9274
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SISON SAYS NEW PARTY 'TO GET 15-20 PERCENT' OF VOTE

HK220624 Manila THE MANILA CHRONICLE in English 20 Jul 86 p 1

[Text] Former political detainee Jose Ma. Sison yesterday predicted that the Partido ng Bayan (PNB), to be launched 30 August, would be able to get 15-20 percent of the popular vote in forthcoming elections.

He said it was a conservative estimate but "not something to [words indistinct].

Sison, chairman of PNB's Preparatory Committee, said the party would field candidates in coming elections even if an electoral struggle was not its primary concern.

The party's main concern, he said, is the launching of educational campaigns on national issues.

He said he would decline nomination to any leading position in the party and would rather concentrate on educational work. He now teaches at Asian Center at UP [University of the Philippines] Diliman.

Sison also told newsmen that the PNB could become one of the country's three major poltiical parties, along with the UNIDO [United National Democratic Organization] and the PDP-LABAN [Pilipino Democratic Party-Lakas ng Bayan].

He said the Nacionalista Party, led by Defense Minister Juan Ponce Enrile and its acting secretary-general, Renato Cayetano, would "most probably pick up the pieces from the crumbling KBL Party."

He does not consider Blas Ople's Partido Nacionalista ng Pilipinas [Filipino Nationalist Party] a threat because it is just a "press-release party."

There is need to create a party with a national democratic orientation, he said. "Without it, the national democratic organizations will just be tugging at the coattails of the elitist parties.

"There is need to have a reliable party," he said.

Sison also predicted that the Aquino government "will need the PNB, especially now that the U.S., Marcos and Enrile pose an increasing threat" to it.

While the PNB may be drawn into the mainstream of traditional politics, Sison said, it "will be a sharp contrast to the elitist traditional parties which are composed mainly of landlords and compradors."

The PNB may enter into "inter-party alliances with parties supporting the Aquino government, and which have a nationalist and democratic line," Sison said.

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COMMISSION ON ELECTIONS RETAINS POWERS

HK230311 Manila MANILA BULLETIN in English 22 Jul 86 pp 1, 9

[By C. Valmoria, Jr]

[Text] The Commission on Elections (Comelac) has virtually retained all its powers under the new Constitution being drafted by the Constitutional Commission [ConCom] for ratification by the people in the coming plebiscite.

As in the 1973 Constitution, the Comelec will exercise exclusive jurisdiction over contests relating to elections, returns, and qualifications of elective regional, provincial, and city officials.

These include contests involving municipal or barangay officials on appeals from regional trial courts and city and municipal courts.

A presidential electoral tribunal and a legislative electoral tribunal are expected to be created to exercise jurisdiction over presidential and legislative election controversies.

As approved by the Constitutional Commission, the poll body will register, after sufficient publication, political parties, organizations, or coalitions and accredit citizens' arms.

Religious denominations and sects, including those who seek to achieve their goals through violence or unlawful means or refuse to uphold the new Constitution and those supported by any foreign government, will not be registered.

This will pave the way for a free and open party system which will be allowed to evolve according to the free choice of the people. Even under the 1935 and 1973 Constitutions which prescribed a two-party system, several political parties were allowed to be registered.

Provisions of the new constitution, as drafted, empower the Comelec to register political parties or organizations but these parties under the "part-list system" will not be represented in the registration boards and in the boards of election inspectors and similar electoral bodies.

All that these parties can get are watchers whose appointments will be provided by law.

Under the "party-list system," block voting will be allowed. The ConCom started discussing the draft on the legislature yesterday. Topping the discussions is district representation in the National Assembly. There will be sectoral and party-list representatives comprising 20 percent of the entire membership.

Proponents of the party-list system seek to apportion additional seats among the parties which obtain 10 to 15 percent of the votes case in the district.

/9274
CSO: 4200/1250

COURT 'PRACTICALLY' BARS PRESIDENTIAL DECREES

HK230407 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 22 Jul 86 p 1

[By Melanio Mauricio]

[Excerpt] The Supreme Court practically barred President Aquino yesterday from enacting laws through presidential decrees [Pd's] by ruling that PD's often "reject, internationally or otherwise, the interest of the greater number" of the people.

In a unanimous decision which dealt on how a Labor Code provision on illegal recruitment should be interpreted, the tribunal, through Associate Justice Isagani Cruz, said that "the trouble with presidential decrees is that they could be, and sometimes were, issued without previous public discussion or consultation."

The high court pointed out that the decree-maker heeds only his own counsel, or those of his [words indistinct] their lofty pinnacle of power."

Legislation by decree by the president also gives rise to "certain esoteric provisions that one cannot read against background facts usually reported in the legislative journal" in cases where laws are passed by the legislature, the court added.

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CEBU COLUMNIST ADVOCATES BASES' RETENTION

HK220304 Cebu City VISAYAN HERALD in English 15 Jul 86 p 5

[Column by Mar Zamora Bajarias]

[Text] Many of our vocal opinion makers are opposing the continued presence of the American bases here. They want a total scrapping of the air and naval bases after the termination of the military treaty in year 1991. The idea may be good, but in some extent very disadvantageous to the security of the Pacific region. The security of the ASEAN countries would seem insecure if we drive away U.S. forces now installed in the republic.

What will happen if the U.S. forces are no longer around? Can we, as a dependent country, insure our safety in case of invasion? Are we not afraid that the communists will come to change and destroy our democratic form of government? What could be the valid reason why we do shout for the complete withdrawal of the American bases? Is it not true that without Uncle Sam's forces, we can be eaten by the communists? There other numerous queries that puzzle our minds? [sentence and punctuation as published.

It can't be discounted that majority of the common people like the retention of U.S. military power in the island and Pacific for global security reasons. Their presence is imperative, because as of the present, we cannot stand on our own feet. We are still dependent economically and politically. Such that the clamor for complete eradication does not meet favorable reaction from concerned citizens, who believed that in their absence, we are nothing.

World War II could be a classic example. We became grateful, thankful and overjoyed when we were liberated by the Amerifan forces. Jap atrocities ended when millions of lives of American soldiers died in our native land, to perpetuate our most loved freedom and democracy.

Why only now that we think of total withdrawal of friendly troops guarding the security of the republic? Could we be reasonable and sensible by driving them away? We may become thoughtful and agreeable only the moment our empty skulls return in their right order. If we disagree, we agree.

/9274
CSO: 4200/1250

COLUMNIST COMMENTS ON RECONCILIATION POLICY

HK220306 Manila PHILIPPINE DAILY INQUIRER in English 20 Jul 86 p 4

["Opinion" column by Danilo-Luis M. Mariano: "Evenhanded Reconciliation"]

[Text] During the "Straight From the Shoulder" TV show last Thursday, Defense Minister Juan Ponce Enrile recalled the case of three captured New People's Army guerrillas who were later released by a Batangas judge when President Aquino's Executive Order [EO] No 8 was invoked. The directive on national reconciliation, it was pointed out, is apparently being interpreted by the country's magistrates as reason to release insurgents under arrest even for undeniably criminal offenses. In the Batangas case, for instance, the three guerrillas were arrested because they were, among others, found in illegal possession of firearms. But the judge apparently decided to ignore that, and ordered the military to set the rebels free anyway.

In instances like that--which the Defense Ministry insists is being replicated in other parts of the country--one cannot fault the armed forces for believing that the reconciliation policy is being carried out too far. The policy--or rather the way it is being currently interpreted--has, they say, tied the hands of law enforcers in dealing with insurgents who are under no similar constraint. The armed forces' dissatisfaction with the policy best explains the growing siege mentality among many officers and enlisted men, the feeling that they would have to fight the battle against insurgency on two fronts: in the countryside as well as in the upper reaches of the Aquino administration. When soldiers feel that civil authority and prevailing official policy do not afford them ample support, the temptation becomes great for them to take the law into their own hands.

There is without doubt a developing military caste in this country; one that distinguishes itself from the uniformed sycophants and partners in crime and plunder of the old regime in that it is deeply imbued with what it fervently believes is a crusade-like mission to combat communism wherever it rears its head. How else can one explain the existence of semi-conspiratorial fraternities and orders that call themselves with such romantic, messianic names? Why else should the military insist that the government probe, too, the so-called atrocities of the NPA/ This growing caste is apparently as ideologically committed as their foes in the insurgent underground. The political situation now is, in fact, more highly polarized than ever before, with the centrists and liberals in the Aquino administration steadily being alienated from both Right and Left.

One way to arrest this dangerous trend is for government to promulgate even-handed policies. In the case of EO No 8, for instance, the administration should make it clear that despite its reconciliation policy, it will not tolerate blatant violations of the penal code. An NPA guerrilla who shoots down somebody is a killer and should not be entitled to special treatment as a "political dissident" or a "freedom fighter," just as a soldier who steals is a thief and nothing else but. The reconciliation policy should be premised on the rule of law--without any compromises or bending.

/9274
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REPORTAGE ON REACTION TO IMPORT LIBERALIZATION MOVE

Manufacturers Oppose Idea

HK211101 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 9

[Text] Filipino manufacturers, in a last-ditch effort to hold off the liberalization of imports of 433 items that compete with their products, have prevailed on Economic Planning Minister [Monsod] to "study further" the structure of the affected domestic industries to determine whether or not they can stand foreign competition industries leaders said yesterday.

They said the NEDA [National Economic Development Authority] director-general has further promised she "will not push hard" for the liberalization of the 433 items, which compose the last batch of 1,235 products which will be allowed unrestricted entry into the Philippines within six months to one year beginning last May.

The Monsod promise may not mean anything, however, as the last say remains with the International Monetary Fund which has imposed the import liberalization program on the Philippines.

An IMF team is currently in town discussing with the economic team of President Aquino the structural reforms demanded by the IMF including the liberalization of imports as a precondition to the granting of a standby credit facility and a compensatory financing facility.

Monsod was not immediatley available to confirm the "compromise" with the local manufacturers, but sources within the group feared that Monsod, in keeping her promise, may not be able to do more than convey to the IMF team the local manufacturing firms' plea that they be given more time to restructure themselves to put them in a position to weather foreign competition.

The 433 items that still have to be liberalized are mostly semi-processed and finished goods which are also produced by domestic industries.

Aurelio Periquet, Jr, president of the Philippine Chamber of Commerce and Industry, suggested yesterday that a product-by-product study be conducted by the Ministry of Trade and Industry to come out with a comprehensive restructuring program for domestic industries affected by the lifting of import controls.

Periquet said that local industries need more time to restructure themselves successfully, considering their distress conditions.

He said that the existing industries must be given a chance to survive to provide the manufacturing base for the domestic market.

At the same time, Periquet reported that businessmen are becoming more optimistic about the economy recovering in the long term.

He cited the stabilization of prices, and the exchange rate, and the fall of interest rates on borrowed capital as evidence of confidence by the local business community in the economy.

The dramatic upsurge in stock market activities, which is the indicator of investor perceptions and expectations, is a healthy sign of the economy perking up, Periquet said.

Aquino Orders Liberalization Plans

HK230703 Quezon City BUSINESS DAY in English 22 Jul 86 p 2

[Text] President Aquino yesterday directed the Ministry of Trade and Industry (MTI) to submit by the end of July its recommendations regarding the implementation of the import liberalization program even as she expressed the government's full support for the World Bank-International Monetary Fund (IMF) prescription that all imports be freed from controls.

In a speech before a multi-chamber meeting of businessmen yesterday, Aquino said the MTI would have to further discuss with the private sector the import liberalization program, particularly its timing and scope, as well as the restructuring of tariff rates, in view of objections raised by the business community over the program's implementation.

Notwithstanding objections to the program from the various industries, the president, however, stressed that the government "is for import liberalization because in the long run, it is the best way (for the country to achieve) competitiveness in the world market."

In an interview yesterday, Trade and Industry Minister Jose S. Concepcion Jr said the MTI's discussion with the private sector will specifically zero in on possible measures that the government might take to ease some of the problems that are expected to result from the lifting of import controls.

Concepcion said these measures include the strict implementation of tariff rates on imports and a close monitoring of the entry of foreign products to prevent smuggling and undervaluation.

Concepcion had originally batted for a staggered implementation of the World Bank-IMF imposed import liberalization program. But he apparently had been overruled as the government finally bowed to pressure and decided to remove all quantitative restrictions on imports before the end of the last quarter of 1986.

Local businessmen have been opposing the implementation of the program in the last three years because of the economic crisis, but at least two Cabinet ministries, Economic Planning Minister Solita C. Monsod and Finance Minister Jaime Ongpin, had supported the program's early implementation.

The Central Bank last week approved the lifting of controls on some 262 items, in addition to another 580 products earlier liberalized by the government. About 400 items still remain to be liberalized before the end of the last quarter.

/9274
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ECONOMIC MINISTER FAVORS 'TRIMMING' DEBT SERVICES

HK150457 Manila THE MANILA CHRONICLE in English 11 Jul 86 p 4

[By Ray Enano]

[Text] Economic Planning Minister Solita C. Monsod, back from a six-day official visit to Mexico and Peru, is expected to press the Aquino government to pursue a policy of trimming down the country's debt services "to a level the economy can afford."

Monsod, who met with Mexican and Peruvian officials for talks on strategies and ideas in treating external debts, described her recent visit to the two Latin American countries as "fruitful."

She refused to disclose details of her trip pending her official report to President Aquino but sources close to Monsod said the controversial minister was poised to submit a recommendation that could clash with the conservative approach of Finance Minister Jaime Ongpin and Central Bank Governor Jose Fernandez on settling the country's debt burden.

Under Monsod's formula, the sources said the Philippine Government would present a "conciliatory tone" on tackling the country's foreign debts "without necessarily surrendering to the demands of creditors."

"Our debt service should be subservient to (economic) growth," the sources said.

Current debt-service level of the Philippines is estimated at $2.31 billion for 1986. The government view is that such level drains the country of its much-needed foreign exchange which could be otherwise used for more productive purposes.

Trimming down the debt burden to a level that would approximate Peru's decision to fix payments to 25 percent of its export earnings, however, had met opposition from Ongpin and Fernandez, who warned of "economic isolation" in one of his reports to President Aquino.

Ongpin and Fernandez feared that paring down debt services to minimum levels would effectively repudiate some of the loans extended by creditors. The two earlier clashed with Monsod, who had broached the idea of the selective debt repudiation policy.

The sources, however, said the Philippines "should have a debt burden it can afford to carry, if multi-year restructuring agreements (MYRA), debt-equity conversion program and other debt settlement approaches are not enough."

This would mean that servicing of a portion of the country's $26.2 billion foreign debt would have to be very drastically stretched out. It was implied that the Philippines will have to convince commercial banks, not official creditors, that a lower debt service level is required for the country to have economic growth.

The sources close to Monsod said that Mexico's recent dilemma with its international creditors should be a lesson to the Philippines. The Latin American country failed to meet payments of its obligations despite an earlier restructuring program hatched by creditors. For about 18 months, Mexico did not receive a single dollar and yet, creditors insisted for its payment of $600 million in interest. Mexico's force payment was done when the country suffered from low export revenues largely brought about by falling oil prices.

"All the country has to do is to be diplomatic with commercial creditor-banks," the sources said. "Debt problems must be solved not by debtor-countries alone but by creditors themselves," the sources added.

/9274
CSO: 4200/1250

MONSOD SAYS IMF 'INCAPABLE' OF FORMING ECONOMIC PROGRAM

HK161521 Manila THE MANILA EVENING POST in English 15 Jul 86 pp 1,6

[Text] Economic Planning Minister Solita Monsod yesterday poured scorn on the INternational Monetary Fund (IMF) saying it was incapable of putting together a solid economic program for the Philippines.

The tough-talking Monsod made her remarks in a speech to the American Chamber of Commerce only two days before an IMF team visits Manila to discuss a new standby credit for the country, which owes foreign credits $26 billion.

One businessman asked the minister if a solid economic program could finally emerge after talks with the IMF and the World Bank.

Monsod, pointed to an economic recovery plan prepared by private economists, said: "This is a solid program. I disagree that the World Bank and the IMF are capable of putting together a solid economic program."

She said the IMF was impressed by the plan but added: "Uven if they were not, we would still go ahead with it."

A former University of the Philippines economics professor, Monsod is among half a dozen ministers who will hold talks with the IMF.

Monsod sent shock waves through banking circles last March when she said the government was considering "selective repudiation" of the Philippines' $26-billion debt.

President Corazon Aquino never confirmed this and has always insisted the country would pay all its debts.

Referring apparently to the alarm she raised, Monsod said today: "We don't call it selective repudiation any more. It is a bad word. We call it 'case-by-case disengagements.'"

She also said the Philippines no longer needed a standby credit from the IMF, but it did need an agreement to continue talks with foreign banks for more financing.

She added that the country's foreign exchange reserves were comfortably placed at $1.7 billion compared with a little more than $900 million when Aquino came to power in February.

The IMF team is expected tomorrow when talks will begin on economic recovery plans and Manila's financing requirements to cover budget deficits.

Monsod has urged that the country settle its foreign obligations according to its ability to pay.

After a trip to key Latin American countries, Monsod said that debts should be subservient to growth, "adding that if ever the government decides to settle its huge foreign debt on a selective basis, major credits banks will be first on the firing line.

/9274
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BANKERS HOPEFUL ON IMF CREDIT TALKS

HK211102 Quezon City NEW DAY in English 21 Jul 86 p 10

[Text] It's back to square one for the Philippines and the International Monetary Fund as the debtor and doctor started their 10-day talks on a new standby credit facility for the next 18 months.

The previous standby credit facility ended last April with the Philippines unable to draw 212 million special drawing rights out of a total of 615 SDR's [Special Drawing Rights]. This represented the last two installments from the previous standby agreement.

For failing to draw on the last two installments, the Philippines cannot avail of the remainder of the new money facility of $325 million. Philippine monetary officials have been able to convince creditor banks to extend the deadline for availment until the end of this year pending the resolution of a new standby credit facility with the fund.

But more than ending the credit line, the IMF is now talking to a new government swept into power on moral superiority and popularity sorely lacking in the deposed Marcos regime.

Based on this political strength, the Philippine Government as an edge over the tough-talking and indicator-conscious IMF as they chart the course over what the Philippines will have to achieve for the next 18 months. While the IMF would naturally want to see the country's overall economic data on the positive side, the Philippines is in no position to immediately sacrifice political popularity over dead numbers.

For instance, the IMF would as much as possible want to see the budget deficit reduced from 4.3 percent of gross national product in 1982 to 2 percent of GNP in 1983 to even 1 percent of GNP for this year. This, however, was thrown away since the government deficit for this year alone is placed at P27 billion or 4.1 percent of GNP. For the first quarter alone of 1986, the budget deficit is placed at P10 billion due principally to the wasteful election spending of Marcos. The budget deficit was later trimmed to P1 billion during the second quarter.

Should the IMF insist on severely cutting government spending (which in any case would exceed government revenues) until the end of the year, the Aquino government may find itself being unpopular.

The IMF realizes this point, though, and is even sympathetic to the Philippines on condition that to finance this deficit, the Philippines should source its funding from abroad.

Unfortunately, the Philippines can only raise P2 billion from abroad.

Where the Philippines will raise the balance to cover the deficit will take more imagination than the combined Central Bank and Ministry of Finance can dream of.

The IMF-Philippines meeting, true to form, centered on numbing macroeconomic indicators or technical issues from Thursday to Friday.

It is during these days that the Philippines submits figures for the next 18 months on IMF indicators such as reserve money, money supply, and government expenditures which the multilateral funding agency will approve.

The second round of talks--Saturday and Monday--will center on policy discussions on, among other [things], the dismantling of the sugar and coconut monopolies (a subject distasteful to the IMF), the rehabilitation of government financial institutions as the Philippine National Bank [PNB], and the Development Bank of the Philippines [DBP] and the import liberalization which developed countries want reduced to zero as soon as possible so that they can dump their finished products to the Philippines.

This should be no problem as far as the IMF is concerned because even without the imposition, the Aquino government is bent on destroying the sugar and coconut monopolies for the simple reason that they were identified with the Marcos oligarchy.

Regarding the rehabilitation of the PNB and DBP, CB [Central Bank] Governor Jose Fernandez and Finance Minister Jaime Ongpin bared before the IMF mission arrived last Thursday that the non-performing assets of PNB and DBP will be transferred to a new asset disposition company of the national government so that both state banks can restart with a clean balance sheet.

On the import liberalization thrust of the government, out of the original 1,200 regulated imported goods, 400 items are remaining to be freed and could even be liberalized before anybody could even say "No way, Jose!" Philippine businessmen though are complaining vociferously about this move, believing it will kill the local producers. How the Aquino government will placate this group of businessmen will only be the sole responsibility of the government. The IMF will wash its hands of this problem.

From Tuesday until Friday, the Philippines and the IMF will talk on an overall review of the sectoral economic performance and what targets will be met for the next 18 months.

The prevailing feeling among bankers is that the Aquino government might be able to wangle better concessions that what Marcos got during the last years of his bankrupt regime. If the Philippines would be able to get the IMF's stamp of approval--others call it a clean bill of health--then the country's next round of multiyear rescheduling agreement with foreign commercial banks should proceed without any hitch.

/9274
CSO: 4200/1250

FOREIGN INVESTMENTS MAKE 'STRONG COMEBACK' IN JUNE

HK220506 Manila MANILA BULLETIN in English 21 Jul 86 p 17

[Text] A strong comeback in foreign investments entering new and existing domestic stock entities was recorded during June this year with P126.2 million coming in against the P19.6 million foreign equity registered the previous month, May, statistics gathered from the Securities and Exchange Commission (SEC) showed.

While foreign equity poured into the country's domestic entities during June was 6.4 times higher than the previous month, however, it was down by 55.9 percent when compared with the figure of June last year.

Foreign capital infused during June consisted of P126.2 million in additional capital going into six existing local entities and P2.5 million in initial capital for newly incorporated firms.

Two foreign corporations were permitted to transact business in the country, one of which disclosed initial operating capital remittance of P1 million while the remittance of the other one was not available.

Meanwhile, a multinational company with an estimated initial operating capital remittance of P0.6 million was licensed to put up its regional headquarters in the country. Also during the month in review, a local corporation with Chinese equity of P15,000 closed shop.

The SEC has recorded 48 domestic businesses with foreign equity during June this year against 47 in May and 44 in June, 1985. Foreign capital in these entities amounted to P2.5 million, a decrease of 49 percent from P4.9 million in May and 37.5 percent from P4 million of June 1985.

The Chinese were the leading foreign capitalists during the month with their investments representing 48 percent of the total

Wholesale and retail trade, the favorite business of the Chinese, absorbed the bulk of aggregate initial foreign capital. Meanwhile, P126.2 million foreign additional capital was infused during June into the equity of six on-going local concerns. Although this was 8.6 times the P14.7 million posted during May, it was 2.2 times lower than the P282.0 million recorded in June 1985.

/9274
CSO: 4200/1250

JAPAN ASKED TO FINANCE SMALLER ENTERPRISE DEVELOPMENT

HK220428 Manila MANILA BULLETIN in English 20 Jul 86 p 23

[By Samuel Senoren]

[Text] The Philippine Government has asked Japan to finance the development of small and medium enterprises in a program designed to quickly avail of some $100 million in quick disbursing loans that the Tokyo Government has committed to lend to Manila.

The soft loan which forms part of Japan's official development assistance (ODA) to the Philippines this year will augment an emergency financing program drawn up by the Aquino government to prime up the economy during the second half of the year.

Sources told BUSINESS BULLETIN yesterday the Philippine request was likely to be approved by Tokyo.

A detailed program submitted to the Japanese Government indicated that the loan proceeds would be used mainly for financing projects in the countryside where funding requirements could go as low as P10,000 per project.

Japanese officials had earlier said their government was ready to help the Aquino government in terms of additional financial assistance if it could present projects that could be immediately funded.

The proposed financing program represents a departure from projects previously funded by the Japanese Government which were usually infrastructure-related with long gestation periods.

A similar program is also to be presented to the West German Government so that a committed concessional credit of about $46 million could be immediately released by Bonn.

A senior member of the German parliament who visited Manila early this week said the German Government was ready to release the amount to help the Aquino government's emergency employment program.

The funding was understood to be meant specially for the promotion of small and medium industries which are basically labor intensive enterprises.

The lines pledged by Japan and West Germany would shore up the government's emergency financing program which is basically funded by a P9 billion deficit in the national budget.

The Aquino government is desperate to provide "easy money" to the countryside to be able to realize a growth rate target for the economy of at least 1.5 percent in 1986.

Economic officials hope that economic growth during the second semester would be substantial enough to offset a negative growth during the first half of the year.

/9274
CSO: 4200/1250

ECONOMIC RECONSTRUCTION LOANS SECURED FROM EUROPE

HK240429 Quezon City BUSINESS DAY in English 23 Jul 86 p 2

[Text] At least $34.5 million in soft loans and a still-unspecified open loan from some European countries have been secured for the country's economic reconstruction program, Trade and Industry Minister Jose S. Concepcion told newsmen yesterday.

Concepcion said the loans will be used mostly to develop small and medium scale industries, particularly for their purchases of equipment, and to increase European investments in the Philippines.

He said Spain would lend $10 million, about 90 percent of which would be used to buy equipment for small and medium scale industries from Spanish suppliers.

The loan will carry a 3 percent to 5 percent interest and will be payable in 30 to 40 years, Concepcion said.

Spain has given a soft loan of $17 million for Philippine Phosphate Fertilizer Corp which will be payable in 22 years, with a 10-year grace period, at 5 percent interest.

/9274
CSO: 4200/1250

MINISTRY ACCUSES U.S. OF 'PRESSURING' OVER CORN GLUT

HK220450 Manila MANILA BULLETIN in English 21 Jul 86 p 17

[By Fred M. Lobo]

[Text] The United States is "pressuring" the Philippine Government to lower tariff on corn imports in a move to dump its corn surplus into the country, government sources said over the weekend.

This developed in the wake of the ongoing review of tariff on agricultural imports, primarily feedgrains, by the Ministry of Agriculture and Food (MAF) in coordination with the private sector.

Government sources said that the U.S. is asking for the reduction of corn import tariff from the current rate of 20 percent to only 10 percent.

As a counter-offer incentive, the U.S. would grant more trade concessions, specifically in handicraft exports, the sources said.

The U.S. is reportedly having a corn glut at present and lower tariff may help alleviate the problem, the sources sadded.

However, they said that accepting such offer would penalize local corn farmers who are currently suffering from depressed corn prices due to an artificial glut in the domestic market.

"Why should we support U.S. farmers when our own farmers are even disenchanted with the corn situation?" a MAF official said.

Local corn farmers, primarily in Mindanao, have complained earlier against low trading and low corn prices owing to the lack of government funds for corn procurement at the support price of P2.90 per kilo.

/9274
CSO: 4200/1250

EXPORT EARNINGS DROP 9.43 PERCENT

HK230413 Quezon City BUSINESS DAY in English 22 Jul 86 p 2

["Economic Indicator" column: "Earnings of Top Exports Drop"]

[Text] Earnings of the country's leading exports during the first four months of the year totaled $768.74 million, down 9.43 percent from the year ago figure of $848.78 million, data taken from the Central Bank showed.

Included in the list of the country's principal exports were semiconductor devices, coconut oil (crude and refined), coffee (raw not roasted), electronic microcircuits, copper metal, bananas, gold, sugar (centrifugal and refined), copper concentrates and children's and infant's wear. The FOB value of these 10 principal items exported during the period in review totaled $649.36 million, down 9.31 percent from the $716.03 million registered in the same period last year.

Topping the list were semiconductor devices with a total export value of $159.34 million. This product group contributed 20.73 percent of the total earnings of the country's principal exports valued at $-68.74 million. However, the January-April 1986 total marked a decline of 38.51 percent from the previous year's $259.12 million. The drop could be attributed to the fall in the volume of shipments from 1,514 metric tons in 1985 to 985 metric tons. The industry suffered financial and labor problems.

On the other hand, shipments of crude and refined coconut oil reportedly went up 214.84 percent from last year's 117,657 metric tons to 370,437 metric tons. Likewise, total value improved 43.76 percent from $90.48 million to $310.07 million.

Raw coffee (not roasted) which was ranked No 12 among the leading exports last year rose to third spot this year. Shipments of this product during the period in review amounted to $68.81 million, up 145.03 percent from last year's $28.08 million. The improvement was due to the rising demand for coffee beans in the world market and the corresponding increase in the product's unit price.

Leading Exports
January to April 1985 & 1986
(FOB) Value in Thousand U.S.$)

Items	1986	1985	Percent Change
1. Semiconductor devices	159,336	259,117	(38.51)
2. Coconut oil (crude and refined)	130,068	90,475	43.76
3. Coffee, raw not roasted	68,807	28,081	145.03
4. Electronic microcircuits	58,530	67,878	(13.77)
5. Copper metal	56,561	56,679	(0.21)
6. Bananas	47,080	37,736	24,76
7. Gold	38,515	28,041	37.35
8. Sugar (centrifugal and refined)	32,479	83,303	(61.01)
9. Copper concentrates	29,562	35,081	(15.73)
10. Children's and infant's wear	28,422	29,635	(4.09)
11. Canned pineapple	27,776	34,101	(18.55)
12. Outer garments and other articles knitted or crocheted, not elastic nor rubberized	24,517	18,575	31.99
13. Iron ore agglomerates	24,225	30,706	(21.11)
14. Lumber	21,923	30,923	(29.10)
15. Women's wear	20,940	18,451	13.49
Total	768,741	848,782	(9.43)

Source: Central Bank

/9274
CSO: 4200/1250

BORROWINGS FROM CENTRAL BANK TO INCREASE

HK240358 Manila THE MANILA CHRONICLE in English 23 Jul 86 p 9

[By Ray Enano]

[Text] The government will resort to "monetary expansion measures" to finance part of the projected P27-billion budget deficit level for 1986, Economic Planning Minister Solita Monsod said yesterday.

Monsod's statement means that the CB [Central Bank] will have to fund the bulk of the government's budget deficit this year. Government had earlier planned that the national government's borrowings from the public--through its treasury bills--and foreign loans would cover its budget gap.

Monsod, a member of the Central Bank's policy-making monetary board, said an increase in money supply would be a better alternative than issuing more treasury bills in financing the deficit. The government's short-term IOUs would crowd out the private sector from the domestic capital market, she said.

The method of financing the deficit, according to Monsod, will be the subject of discussions with the International Monetary Fund's (IMF) staff mission in the next two days.

By increasing money supply through CB loans and cash advances to government, interest rates would be brought down further from their current 14 to 15 percent level. The monetary expansion will push up inflation only to manageable single-digit levels, Monsod claimed, pointing out that inflation in the past three months has posted negative rates.

Monsod said interest rates have to be brought down to spur the economy. She claimed that the economy can well afford to increase inflation at this time by expanding money supply. In the long run, however, Monsod said inflationary pressures may go past the desired levels.

Bringing down interest rates and pushing up inflation through monetary expansion will have to be carefully managed to achieve the growth required by the economy. Monsod said such growth will require a budget deficit of P27 billion needed mainly for infrastructure projects that would result in increased consumer spending.

/9274
CSO: 4200/1250

GOVERNMENT TO REFORM 2 MAJOR GOVERNMENT BANKS

HK240221 Manila Far East Broadcasting Company in English 2300 GMT 23 Jul 86

[Text] The government moved yesterday to institute reforms to rehabilitate two big government institutions, the Philippine National Bank [PNB] and the Development Bank of the Philippines [DBP]. More on this from Al Dovar.

[Begin Dovar recording] The national government will infuse some 3 billion pesos into the 2 institutions, together with additional working capital of 5 billion pesos, to prop up the deposits of government out of their operational (?funds). Deputy spokesperson Alice Villadolid, in a briefing to newsmen, said that the second reform enforced by the cabinet is the liquidation of nonperforming assets, totalling 142 billion pesos. In effect, this amount will be moved out of the account books of the two government banks, thereby unburdening them of the problem arising from these nonperforming assets, leaving them [words indistinct].

The third reform is to allow the two banks to continue to perform their social functions like the Philippine rural banks as well as postal savings banks. As part of the reform package, the cabinet also decided to implement a reform in the charters of the two institutions.

President Aquino said that it would not hurt anyone to have some flexibility in revising the charter of the two development banks. She asked her economic ministers to cooperate closely with PNB and DBP in revising their charters. [end recording]

/9274
CSO: 4200/1250

PHILIPPINES

MINISTRY REPORTS OVER 20 PERCENT DROP IN TOURISTS

HK240510 Hong Kong AFP in English 0449 GMT 24 Jul 86

[Text] Manila, 24 Jul (AFP)--Tourist arrivals in the Philippines declined by 20.37 percent in the first four months of 1986, the Ministry of Tourism (MOT) said her Thursday.

The MOT research and statistics division said tourist arrivals for the first four months dropped from 280,183 last year to 223,114 in 1986.

It attributed the decline to the political unrest and "bad press" suffered by the country in the first quarter, topped by the, at times, bloody presidential campaign and the revolt that swept Corazon Aquino to power in February.

All tourist markets posted a decline during this period with Taiwan showing the biggest drop of 46.22 percent, followed by Japan at 31.71 percent. Southeast Asia and Australia also posted declines of more than 20 percent.

North America, which traditionally accounts for the biggest number of tourist arrivals, showed an 11.45 percent decline. The market accounted for 29.55 percent of total arrivals in the first quarter.

The MOT has been conducting an intensive marketing campaign worldwide since March to reverse the declining tourist arrivals, an official said.

/9274
CSO: 4200/1250

COST TO REPAIR STORM DAMAGE REPORTED

HK211305 Manila **PHILIPPINE DAILY INQUIRER** in English 19 Jul 86 p 10

[Text] San Fernando, Pampanga--The Central Luzon office of the Ministry of Public Works and Highways (MPWH) needs some P74 million to repair roads, bridges, port facilities and flood control projects damaged by Typhoon Cading.

MPWH Regional Director Dominador Santos reported to Minister Rogaciano Mercado the breakdown per province of funds needed to repair roads and bridges at P3.95 million--Bataan, P4.45m [million]--Nueva Ecija, P4.28m--Pampanga, P2.22m--Tarlac, P940,000--Palayan City, and P37.5m--San Jose City.

For damaged public buildings, the breakdown is as follows: P1.2m--Bataan, P1.5m--Bulacan, P252,000--Nueva Ecija.

For flood control projects: P4m--Bataan, P1m--Bulacan, P1.1m--Tarlac, P600,000--Palayan City, P232,000--San Jose City, and P11.45m for the Pampanga River Control System in Apalit, Pampanga.

Meanwhile, Celestino Contreras has been appointed chief of the construction division of the MPWH in Central Luzon, replacing Virgilio Gener, who was transferred to the National Capital Region.

/9274
CSO: 4200/1250

REPORTACE ON ACTIVITIES OF CEBU NPA

Assassination List Targets 17

HK150435 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 12 Jul 86 p 2

[By Leo Enriquez]

[Text] Cebu City--A recently hatched plot of the Sparrow Unit of the New People's Army has marked former Congressman Ramon Durano Sr for liquidation along with 15 military officers in the region and a Bayan [New People's Alliance] personality.

This disclosure which came from one of the captured suspects of the communist underground movement, led to the capture of 13 other suspects in a series of raids conducted by the military since Tuesday afternoon.

According to the suspect, Cebu's political kingpin is to be assassinated as soon as possible under a plan known as "Operation Warlord."

He revealed that a five-man hit squad has been formed and sent to Danao City a few days ago for the task.

The suspect, whose identity is being withheld, said the five-man squad was specially selected by the North District Committee of the Communist Party of Cebu.

He added the underground movement regarded Durano as an oppressor and an avid supporter of former President Marcos who have enslaved the people.

Some of the names of the 15-man death list of the Sparrow Unit included Col Romulo Querubin, RUC [Regional Unified Command] 7 commander; Col Edgartdo Abenina, Recom 7 chief; Lt Col Manuel Cabigon, U-3; Maj Rnato Majado, Capt Inocencio Sanchez, Recom VII spokesman and several others.

Contained in the death list were the addresses and places where the 15 ranking officers usually go.

The suspect also disclosed that a leader of Bayan in one of the southern towns of Cebu is to be liquidated also. His name was also withheld.

Activities in Urban Cebu

HK150317 Manila THE NEW PHILIPPINES SUNDAY EXPRESS in English 13 Jul 86 pp 1, 3

[By Leo Enriquez]

[Text] Cebu City--The communist led New People's Army (NPA) has been expanding and gaining strength in the Metropolitan Cebu area.

Col Romulo Querubin, RUC [Regional Unified Command] VII and 560th Air Wing commander, said: "They are not only recruiting and training liquidation squads right now, but are aggressively expanding themselves."

According to Querubin, the communist underground movement has divided the urban party committee into three operational districts in Metro Cebu.

The bases, he said, are Mandaue City for the north, Talisay Town for the south and Guadalupe District in Cebu City for the central district.

"The local underground movement is not engaged in countryside insurgency, but is concentrating in urban insurgency as proven by their activities which are concentrated in the urban areas of Metro Cebu," Querubin said.

He attributed the success of the underground movement to the government's policy of reconciliation which he said has made tactical operations difficult.

He said insurgency did not prosper before in the Cebu hinterlands because it was checked by a military presence.

In the region, he said that Negros Oriental is the most insurgency-affected province, followed by Bohol and Cebu.

"To counter this threat, the military is intensifying intelligence data gathering before launching security operations," Querubin said.

He said operations have been launched to dismantle the underground apparatus, following the capture of 14 suspected rebel members in a series of raids since Tuesday afternoon.

Suspected Female Leader Captured

HK180621 Quezon City DZFM Radio in English 0400 GMT 18 Jul 86

[Text] A suspected amazon, said to be a top leader of the communist dissident movement in the central Philippine island of Cebu, was captured this week by the military. Lieutenant Colonel Rodolfo Garcia, Cebu constabulary commander, identified the suspected woman dissident leader as (Nerlinda Ababon Romeo) with aliases Vi, Linda, Jovito, Meng.

According to the military, she was positively identified by a self-confessed sparrow unit leader who was earlier captured by military operatives. The woman dissident suspect was reportedly linked to a number of killings of policemen and civilians in southern Cebu.

/9274
CSO: 4200/1250

CPP ALLEGEDLY INFILTRATING GOVERNMENT AGENCIES

HK150441 Manila THE MANILA EVENING POST in English 11 Jul 86 pp 1, 3

[By Ed Malay]

[Text] The Communist Party of the Philippines (CPP), through its various political groups, has been exerting pressure on leftist sympathizers in the Aquino governemnt to replace the heads of at least three government entities tagged primary targets of communist infiltration.

Sources said the leftist sympathizers holding top positions in the government have been exerting pressure on the Aquino government to replace Edgardo Angara as president of the University of the Philippines (UP), Herminio Aquino as officer-in-charge of the Ministry of Human Settlements (MHB), and Local Government Minister Aquilino Pimental, Jr.

The takeover of these government entities by personages with leftist leanings will complete the political plan of the CPP, the sources said.

The communist movement, sources said, revised its program of activities during its last plenary session to expand its political activities instead of an armed struggle.

The plan calls for the infiltration of sensitive positions in the government which will enable the communist movement to launch its political propaganda.

Sources said UP, the MHS, and the Ministry of Local Governments (MLG) are three establishments which the communist movement plans to use to propagate its cause since the functions of these entities can bring the underground movement in close contact with the masses.

The Human Settlements Ministry has 18 attached agencies under its umbrella involved in housing, community development, livelihood and social services.

The MLG can enhance the political propaganda machine of the communist movement if it succeeds in having one of its sympathizers appointed to replace Pimentel.

UP can easily become the training ground for future communist leaders.

The recent rally calling for the ouster of Angara as UP president, sources said, is part of the communist plot.

Angara has been blocking efforts of the communist movement to influence the university's student population, educators said.

Many appointees as officers-in-charge (OICs) of municipalities and provinces, sources pointed out, are known leftist sympathizers, but the CPP, they added, wants to effect total control of the local government machinery so that it can freely appoint its members to expand its political influence.

Leftist sympathizers in the Aquino government, sources disclosed, have prepared a government reorganization plan to be presented to Aquino for approval.

The plan includes the retention of the Human Settlements Ministry and the appointemtn of a permanent minister instead of a mere OIC.

The CPP, said the sources, succeeded in putting sympathizers in at least four sensitive government agencies, which give the underground movement access to various levels within the government such as the Office of the President, the labor sector, the rural banking sector, and the agrarian reform sector.

/9274
CSO: 4200/1250

CONSTABULARY PATROL CAPTURES NPA COMMANDER IN BATAAN

HK150311 Manila THE NEWS HERALD in English 13 Jul 86 p 3

[By Raffy Viray]

[Text] Orani, Bataan--A top ranking commander of the New People's Army sparrow unit in Central Luzon operation in Bataan was captured by a constabulary patrol team yesterday morning in Barangay Mulawin.

Col Cecilio Penilla, provincial PC [Philippine Constabulary] commander and deputy commander of Task Force Samat, identified the rebel leader as Alexander Glemao, 24, married, alias Ka [Comrade] Jess and Ka Juliet, of Baranggay Sto. Rosario.

The suspected NPA commander, a college graduate of Adamson University in Manila, had actively participated in several anti-imperialist rallies in the past before he joined the subversive movement in 1982.

Penilla said a patrol team composed of Task Force Samat soldiers surprised the rebel inside his mother-in-law's two story house in Baranggay Mulawin at 1:45 a.m.

When Glemao sensed that the government troopers were approaching, he tried to hide

The suspect, considered the second ranking NPA leader in Bataan next to Crisostomo Ibarra alias Ka Siete, was recuperating from a gunshot wound in the left arm suffered in an encounter with Civilian Home Defense Forces near a fishpond located near Sitio Batang Dos Barangay Malusak, Lubao, Pampanga last 14 June.

Penilla said the suspected commander was allegedly involved in a series of unsolved killings of military men, government informers and civilians in the province last year.

The suspect will be charged with multiple murder and frustrated murder and other crimes allegedly perpetrated by his group before the provincial fiscal's office on Monday.

/9274
CSO: 4200/1250

MILITARY, NPA SHAPE UP FOR MINDANAO BATTLE

HK150209 Manila Far East Broadcasting Company in English 2300 GMT 14 Jul 86

[Text] A big battle between government troops and NPA rebels is shaping up in the mountain ranges of Diwata and Carmel in Agusan del Sur. Soldiers of the 8th Infantry Battalion, under Colonel Samuel (Agdao), have ringed the two areas and sealed all possible escape routes of more than 300 NPA rebels led by Lorna (Solarte), alias Commander Yayang; Samuel Ortiz, alias Commander Solo; and a certain Commander (Mar). Earlier Commander (Mar's) group of rebels encountered troops of the 8th Infantry Battalion in two days of fighting which started Friday in Prosperidad, Agusan del Sur.

Elsewhere in the country, 26 NPA rebels and three civilians were reported killed in separate encounters between rebels and government troops last Sunday. The clashes occurred in Aparri, Agusan del Sur, Surigao del Sur and South Cotabato. The south Cotabato clash in (Anogas Alabil) resulted in 17 rebels killed.

/9274
CSO: 4200/1250

NDF CLAIMS MILITARY MEANS TO STOP PEACE EFFORTS

HK190514 Manila THE PHILIPPINE DAILY INQUIRER in English 18 Jul 86 p 7

[Text] The Ranao National Democratic Front (Ranao-NDF) claimed that the recent military offensive in NPA [New People's Army]-controlled areas in Lanao del Norte and Iligan City was meant to sabotage the Aquino government's peace efforts.

In a press statement, the group singled out the 40th Army Infantry Battalion [IB] and the PC [Police Constabulary] metropolitan district command for having stepped up counter-insurgency operations in areas in Iligan City and Lanao del Norte which are supposedly under the jurisdiction of the Ranao-NDF, Communist Party of the Philippines (CPP) and the New People's Army (NPA).

The group cited that from 23 May to 26 June, the military launched three attacks on these areas. The ambush in Upper Balagatas, Maigo, Lanao del Norte, by the 40th IB battalion resulted in the death of an NPA guerrilla and the wounding of another. But the toll on the government side was heavier: seven soldiers dead and several others wounded.

On 22 June, the 40th IB and armed cultists raided an NPA training camp in Barangay Maliwanag, also in Maigo. The Ranao-NDF reported six soldiers and two fanatics killed, but "not a scratch was inflicted on the newly-trained NPA fighters."

In this second attack, the NDF also identified a certain Captain Martir as the leader of an assault team whose members later vented their ire on civilians. They reportedly burned 10 houses and looted farm animals along the way.

The third military attack reportedly happened on 26 June when a special Metrodiscom unit and intelligence operatives raided a rebel hideout in Barangay Tibanga, Iligan City, killing three NPA's.

Noting that these military attacks came during ceasefire negotiations between the Aquino government and the outlawed National Democratic Front, the Ranao-NDF said these might signal the AFP's [Armed Forces of the Philippines] "open declaration of war,"

"We would gladly take up the challenge if only to defend our national democratic forces and the gains of our revolution," the statement read, adding that at present, though, it was maintaining its "active defense policy against local military units."

/9274
CSO: 4200/1250

ARMY BATTALION TRANSFERRED TO MARAWI CITY

HK211051 Manila THE MANILA CHRONICLE in English 19 Jul 86 p 1

[Text] An army battalion has been transferred to Marawi City, where 12 members of the religious community have been kidnapped, military sources said yesterday.

No reasons were given for the transfer, however.

The 24th Army Battalion, composed of some 1,000 men, was moved last Thursday from Jolo, where it had been based in recent years.

The transfer occurred at the height of negotiations for the release of a Protestant missionary Brian Lawrence and followed the release of 10 Carmelite sisters.

It also came two days after President Aquino, reacting to the two kidnapping incidents last week, ordered the military to "act decisively and end once and for all" the problem of "warlordism and banditry" in Lanao del Sur.

One possible reason for the troop transfer was that the military command in Mindanao felt if needed reinforcements in case an assault was needed against the captors of Laurence. [The missionary was released yesterday.]

There are two other reasons:

1. The military could be implementing President Aquino's order to eliminate the warlords.

2. It could be linked to the administrative strategy of Gen Fidel V. Ramos, AFP [Armed Forces of the Philippines] chief of staff, to "rationalize" troop deployment.

Ramos had said that one of the problems he inherited from deposed military chief, Gen Fabian Ver, was the haphazard deployment of troops.

/9274
CSO: 4200/1250

NDF COMMANDER SHOT DEAD IN ILOILO CITY

HK211049 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 12

[By Vic Aguisanda]

[Text] Iloilo City--A top commander of the National Democratic Front (NDF) in Panay was shot dead in front of St Paul College at Gen Luna Street here the other day.

Killed was Jose Estocada Jr, alias Ka [Commander] Vencer and Quintin Magbanua, secretary of District III of the NDF-Panay. At one time, he also carried the name of Antonio P. Tullo, a resident of Rizal Street, Iloilo City.

The victim, who carried a P30,000 price on his head, was shot thrice by unidentified assailants.

Estocada was taken to the St Paul's Hospital beside the school, but he was pronounced dead on arrival.

Estocada was involved in the liquidation in October 1982 of Jose Gemino, a barangay captain of Roxas, Tapaz, Capiz.

The adopted son of Jose Estocada Sr, of Dumarao, Capiz, he used to be a scholar in geodetic engineering at the University of the Philippines in Diliman, Quezon City.

/9274
CSO: 4200/1250

MILITIA RETAKE MNLF-HELD MINDANAO VILLAGE

HK220604 Manila THE NEWS HERALD in English 20 Jul 86 p 11

[Text] Cotabato City--Some 50 militiamen have retaken a village seized by armed Muslim terrorists in Sultan sa Barongis, Maguindanao, the Central Mindanao Regional Unified Command said.

The command said elements of the secessionist Moro National Liberation Front swooped down on Baranggay Kolambog in a dawn offensive last week and terrorized the residents.

Numbering about 50 and led by Commanders Sepak Mamendeg and Beta Ebzela, the rebels also forced residents to hand in their cash, personal properties and foodstuff. The rebels also tried to convert the baranggay into a base.

A resident was able to elude the rebels and reported the matter to a nearby para-military unit detachment.

Amassing all his men, militia commander Dangato Salik of Baranggay Dunguan led the attacks on the distressed baranggay and engaged the rebels in a 50-minute firefight.

The rebels, afraid of more reinforcement, fled towards Sitio Dunsalan bringing along their dead and wounded.

/9274
CSO: 4200/1250

TROOPS BOMBARD ANTI-COMMUNIST STRONGHOLD IN BID TO ARREST 9

HK211347 Hong Kong AFP in English 1332 GMT 21 Jul 86

[Text] Cagayan de Oro, Philippines, 21 Jul (AFP)--Paramilitary troops bombarded an anti-communist cult stronghold Monday, as they prepared to arrest nine members of the religious group, the military said here.

At least three mortar rounds hit the stronghold near Gingoog City on Mindanao Island and troops later saw several members of the Sagrado Corazon Senor cult fleeing the area, constabulary chief Colonel Jesus Hermosa told AGENCE FRANCE-PRESSE.

The military ordered an offensive against some 100 members of the cult, also known as the Tadtad, after the failure of negotiations for the surrender of two leaders charged with murder and seven followers charged with other crimes.

Col Hermosa said that he expected the offensive to end soon because the two leaders, Felipe Galarion and his brother Dominador, would "either stand up and fight or surrender."

The Tadtads derive their nickname from their practice of cutting up their victims' bodies with machines. "Tadtad" means "to cut into small pieces."

The Tadtads, who believe they are mystically invincible, are amred with Armalite rifles, Thompson sub-machineguns, World War II vintage rifles and crude shotguns, the military said.

The religious cult is one of more than a dozen such armed groups in the strife-torn souther island of Mindanao that battle with the communist New People's Army (NPA) guerrillas and their sympathizers.

Three troops and seven Tadtads were killed in clashes last month before the military authorities called off their offensive to allow a former mayor to negotiate for their surrender.

/9274
CSO: 4200/1250

SCOUT RANGERS RAID DAVAO DEL NORTE REBEL CAMP

HK230435 Manila MANILA BULLETIN in English 22 Jul 86 pp 1, 8

[By Ped Valasco]

[Text] Maco, Davo del Norte--Twenty New People's Army (NPA) rebels were killed and several others were wounded Saturday, when Scout Ranger troopers raided a rebel camp in Sitio Tagmiarok, Barangay Sangab, this town.

In a report to Col Marcelo Blando, commander of the First Scout Ranger regiment, Capt Abraham Puruganan commanding officer of the 7th Ranger Co, said that the rebels numbering about 50 were about to take lunch when the government forces swooped down on the NPA camp.

Puruganan, who led the raid, said that the surprised rebels, led by a certain Kumander Nestor, put up a fight during the two-hour battle.

He said the bodies of 18 rebels were found in the camp after the gun battle. Two other bodies were found later near the camp by members of a reenforcement team jointly led by Captains Rogelio Bonifacio and Herbert Avinante.

A militiaman and a civilian guide were also wounded in the clash. The militiamen, Rufino Frias, and the guide, Nicanor Leon, were taken to a hospital in Davao City.

Seized from the rebel camp were five Armalite rifles, six Garand rifles, one M-14 rifle, one carbine rifle, one air rifle, a radio transceiver, a communist flag, thousands of ammunitions, assorted medicine, personal belongings, several sacks of rice, grocery goods and kitchen utensils.

/9274
CSO: 4200/1250

BRIEFS

BISHOPS CONFERENCE DELEGATES--President Aquino yesterday gave the assurance that her government is taking steps to resolve the problems involving labor strikes in various business establishments and the complaints concerning the designation of officers in charge [OIC's] of various local government units. The president made the assurance during a meeting with the administrative council of the Catholic Bishops Conference of the Philippines led by Cebu Cardinal Ricardo Vidal at Malacanang. The bishops presented to President Aquino the viewpoint they have gathered at their semi-annual meeting which included the OIC's strike problem, and population control. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 22 Jul 86 HK] /9274

AQUINO TO VISIT JAPAN--President Aquino signified her intention to visit Japan by the end of the year or by early 1987. She expressed this intention before a young group of some 100 young Japanese ladies who are in the country as part of the campaign of the Ministry of Tourism to promote wholesome tours for the Philippines' neighboring countries. The project is sponsored by Philippine and Japanese companies, notably the Philippine Airlines and Japan Air Lines. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 22 Jul 86 HK] /9274

REPLACEMENT OF NEW OFFICIALS--Local government Minister [name indistinct] Pimentel said more newly appointed officers in charge [OIC's], governors, and municipal or city mayors are to be ousted and replaced due to serious complaints or charges against them. He told newsmen that the purge of the OIC's has begun with the ouster and replacement of former member of parliament Jolly Fernandez, who was OIC governor of Masbate. Pimentel said there are compelling reasons that led to Fernandez' ouster such as an NBI [National Bureau of Investigation] report indicating his unseemingly action and activities, notably his mauling of a local newspaperman and an OIC mayor of a Masbate town. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 23 Jul 86 HK] /9274

22 REBELS KILLED--Government forces stepped up their counteroffensive over the weekend, killing 22 rebels in two separate clashes in Davao del Norte and Quezon. Armed Forces Chief General Fidel Ramos said army rangers raided last Saturday a camp of New People's Army in Barangay Sangab, Tagmano, Maco, Davao del Norte, killing 18 of the rebels in a 2 and 1/2 hour gun battle. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 21 Jul 86 HK] /9274

18 NPA GUERRILLAS KILLED--Manila, 21 Jul (AFP)--Troops killed 18 communist guerrillas after stumbling upon their camp in a village in the southern Philippines, military spokesmen said here Monday. The rangers were tracking a 30-strong New People's Army (NPA) group on Saturday near the town of Maco on Mindanao Island south of here when they chanced upon the NPA campa, triggering off a two-and-a-half gun battle, the spokesmen said. The rangers had been on a test mission to qualify for graduation from the army ranger course when they encountered the NPA group, the PHILIPPINE NEWS AGENCY (PNA) reported. The guerrillas suffered 18 casualties and retreated under heavy fire, leaving behind firearms, ammunition, documents and other supplies, the military sources said. They added that two rangers and some guerrillas were wounded in the raid but it was not known how many because the rebels carried away their wounded. Another group of rangers on a test mission killed four NPA guerrillas in a clash on Friday in San Isidro village, 150 kilometres southeast of Manila in Quezon Province, PNA reported Monday. [Text] [Hong Kong AFP in English 1222 GMT 21 Jul 86 HK] /9274

FRG AID TO REBUILD RADIO VERITAS--Vice President and Foreign Minister Salvador H. Laurel was assured of German assistance for Radio Veritas by Minister Jurgen Warnke during his visit to the Federal Republic of Germany. Warnke, who is the minister for economic cooperation, said 6 million deutschmarks (approximately 55 million pesos) would be made available for the rehabilitation of the transmitter of the station which has been damaged in February this year. This commitment fulfills the pledge given by German Foreign Minister Hans-Dietrich Genscher during his visit to the Philippines earlier this year. [Text] [Manila MANILA BULLETIN in English 21 Jul 86 p 17 HK] /9274

CSO: 4200/1250

STATEMENT ON DETENTION OF SRV DIPLOMAT'S WIFE

BK181126 Bangkok Voice of Free Asia in Thai 1030 GMT 18 Jul 86

[Text] The following is the statement issued by the Foreign Ministry on the arrest of a Vietnamese national:

At 1430 on 16 July, Tran Quang Co, Vietnamese ambassador to Thailand, called on the director general of the Political Department to inquire about the appeal made by the Vietnamese Embassy for the release of a person who was claimed by the embassy to be one of its officials being detained by Thai authorities in Yasothon Province since 8 July 1986 on a charge of being a Vietnamese refugee traveling outside the restricted area without an official permit.

The Foreign Ministry informed the Vietnamese ambassador that the diplomatic status of the said person, Mrs Nguyen Thi Tuat, lapsed after her husband, Do Cam Toung, completed his tour of duty at the Vietnamese Embassy and returned to Vietnam on 17 January 1986. Mrs Tuat violated immigration law by overstaying the period permitted.

The incident occurred because the Vietnamese Embassy failed to comply with the regulations set by the Thai Government which require the embassy to notify the Foreign Ministry at least 3 days in advance of any trip outisde the metropolitan area by its officials for their own safety. The Vietnamese ambassador himself promised the Foreign Ministry that this regulation would be observed. The Thai side is suspicious about the trip to Yasothon Province by the person concerned because the Foreign Ministry was not informed about it.

The Foreign Ministry, through the director general of the Political Department, protested to the Vietnamese side over this incident on 10 July 1986. However, the official letter from the Vietnamese Embassy asking for the release of the person so that she can return to Vietnam within 7 days has been considered on the basis of good diplomatic relations between Thailand and Vietnam. The Foreign Ministry has informed the Vietnamese ambassador that the appeal letter has been duly considered and the Foreign Ministry has contacted the government agencies concerned to secure her release.

/6662
CSO: 4207/283

ARMY ON SITUATION IN SOUTH, ON CAMBODIAN BORDER

BK201214 Bangkok First Army Division Radio in Thai 2300 GMT 18 Jul 86

[From "Army Meets the People" program]

[Text] The Army Operation Center's information service has reported on the situation in the country during the period 9-15 July. There were no communist terrorist activities. However, authorities seized weapons and explosives during missions to search for arms caches of communist terrorists in the areas under the jurisdiction of the 2d and 3d Army regions.

Bandit terrorists caused two land mine explosions in Narathiwat Province, resulting in two villagers being wounded. Malayan communist terrorists opened fir in ambushes and harassment of officials on three occasions in Songkhla Province. A vehilce of a road construction unit hit a land mine, resulting in three policemen being wounded. Authorities seized a deserted camp in Yala Province with seven landmines. Five Malayan communist terrorists surrendered to authorities in Yala Province.

On the Cambodian border, Vietnam continued moving weapons to reinforce its units and rotated and reinforced forces at some areas opposite Ban Kruat District of Buriram Province and Kap Choeng District of Surin Province. Vietnam moved forces to intercept and pressure CGDK forces at those areas. In the interior, Vietnam rotated about 200 to 600 fresh troops into Poipet District of Battambang Province. There were clashes between the two sides at areas opposite Khlong Hat subdistrict of Prachin Buri Province. Some shells landed in Thailand, prompting retaliation that forced Vietnam to cease firing. The Vietnamese shelling damaged five houses and wounded two Thai villagers.

/6662
CSO: 4207/283

WEEKLY MILITARY REPORT ON LAO BORDER SITUATION

BK210920 Bangkok Domestic Service in Thai 0530 GMT 21 Jul 86

[Text] The report on the situation along the Thai-Lao border from the Supreme Command Information Office revealed that during the past week the Lao Government set up a working team to survey unused land in the southern provinces of Champassak, Saravane, Attopeu, and Sekong because Vietnam has a plan to send Vietnamese nationals to resettle in Laos, particularly in the areas of Mounlapamok, Soukouma, Kong Townships of Champassak Province. Lao authorities in Pak Kading Town of Bolikhamsai Province met and laid down security measures to keep their areas safe from Lao resistance forces.

Lao soldiers from Sayaboury Province were sent to reinforce military posts at (Dokket), (Louang) Villages and at (Hong Keo) Camp in Mouang Ngeun Township as they are planning to sneak into Thai territory to lay down landmines and attack Thai Government vehicles on the road between Nam Liang and Huai Kron Villages in Thung Chang District of Nan Province. Moreover, weapons and war equipment have been sent to Lao military bases near the Thai border opposite Pua District, Nan Province. It is expected that the Lao soldiers are going to launch a more violent suppression drive against resistance groups in the area.

During the period under review, five Thai fishermen were arrested by Lao soldiers while fishing in the Mekong River in Thai Phanom District of Nakhon Phanom. The five Thai villagers were later released after their relatives paid ransom.

/6662
CSO: 4207/283

MILITARY STAFF SCHOOLS HOLD JOINT EXERCISE

BK221005 Bangkok Domestic Service in Thai 0000 GMT 22 Jul 86

[Text] The staff schools of the three branches of the Armed Forces will conduct a joint exercise, codenamed "Bodin," from now until 25 July in the eastern and northeastern provinces. Major General Somkhit Charoenkham, commander of the Army Staff School, says:

[Begin Somkhit recording] The Army Staff School, the Navy Staff School, and the Air Force Staff School will hold an annual joint national defense exercise--Exercise "Bodin"--to honor the first and only Thai commander who, 153 years ago, led Thai soldiers to fight and defeat the Vietnamese in Vietnam. The exercise will cover Chon Buri, Rayong, Chanthaburi, Trat, and Prachin Buri Provinces in the east and Nakhon Ratchasima, Buriram, Surin, Sisaket, and Ubon Ratchathani in the northeast--a total of 10 provinces. The main purpose of the exercise is to train and give experience to officer candidates, volunteer defense corp officer candidates, and police officer candidates in the control and conduct of self-defense battles and developing national defense systems.

The provincial administrations of the 10 provinces were supposed to join the exercise but could not because of election preparation tasks. They will join the exercise next year. [end recording]

/6662
CSO: 4207/283

NO END SEEN TO CAMBODIAN PROBLEM

BK101042 Bangkok THAI RAT in Thai 9 Jul 86 p 3

[Editorial: "The Border Situation"]

[Text] According to an official report on the current situation along the Thai-Cambodian border, Vietnamese soldiers in Cambodia fired 152-mm artillery shells into Thai territory last week. This is the first time that artillery pieces of such a large caliber have been used in there. This type of artillery is capable of launching nuclear bombs.

The situation along the Thai-Cambodian border remained unchanged as no sign of improvement in Cambodia could be detected. Thailand's diplomatic endeavor to encourage Vietnam to withdraw its troops from Cambodia during the past several years has failed to produce any result. Worse still, the use of dangerous weapons and the flow of weapons and war equipment into Cambodia indicate that the super-power--the Soviet Union--will continue to support the Vietnamese military presence in that country.

The use of such dangerous weapons in the undeclared war in Cambodia as revealed by the military source has proved that more violent methods and military tactics will be used to force the extinction of the Cambodian race.

Many thousand of Cambodian refugees are now stranded in Thailand. These people have lost their freedom and homeland and are suffering untold hardships and difficulties caused by the Vietnamese aggression against their weak nation. As the Cambodian conflict remains unsettled, the superpower who supports the aggression against Cambodia intends to expand its influence over this region.

The magnitude of the violent situation along the Thai-Cambodian border and the use of dangerous weapons in Cambodia will have an effect on Thailand. The aggressors will never take any responsibility for what they have done. The problem is that if Thailand decides to retaliate, it will face international conflict that could lead to an increase in both military and civilian expenditures as the conflict drags on.

The three Cambodian factions have not yet come up with any joint effort to restore peace in their country. They cannot get along well and still have conflicts among themselves. More lives and property of Cambodian civilians will continue to be sacrificed if tension is not eased.

/6662
CSO: 4207/283

BRIEFS

TRADE WITH CHINA--During the first 4 months of this year two-way trade between China and Thailand amounted to 1.84 billion baht according to the office of the Thai trade adviser in Beijing. Imports from China totaled 608 million baht, while imports from Thailand totaled 1,222 million baht, resulting in about a 624 million baht trade surplus for Thailand [figures as heard]. Thai imports from China included soybean residue, chemical products, cotton, medicines, raw silk, and oil. Thai exports to China included rice, corn, natural rubber, raw sugar, and synthetic year. [Summary] [Bangkok Voice of Free Asia in Thai 1030 GMT 11 Jul 86 BK] /6662

OUTGOING FOREIGN AMBASSADORS --Prime Minister General Prem Tinsulanon today [8 July] received outgoing Indian Ambassador Arjun G. Asarani and outgoing Bulgarian Ambassador Bogdan Borisov Aleksiev at Government House. [Summary] [Bangkok Television Service in Thai 1300 GMT 8 Jul 86 BK] /6662

OUTGOING ITALIAN AMBASSADOR--His Royal Highness the Crown Prince today [4 July] granted an audience with (Francesco Guariglia), outgoing Italian ambassador to Thailand, at the Royal Guard Division Headquarters. [Excerpt] [Bangkok Domestic Service in Thai 1300 GMT 4 Jul 86 BK] /6662

EC FISHERY AID--The European Community office in Bangkok announced that the European Community has agreed to provide about 150 million baht to finance the marine animal raising development projects in the five ASEAN members countries namely Indonesia, the Philippines, Singapore, and Thailand for a period of 5 years from 1987. [Excerpt] [Bangkok Voice of Free Asia in Thai 1030 GMT 7 Jul 86 BK] /6662

CSO: 4207/283

TABLE OF CONTENTS OF TAP CHI HOAT DONG KHOA HOC MAY 86

Hanoi TAP CHI HOAT DONG KHOA HOC May 86 p (inside front cover)

[Text] CONTENTS

Dang Huu - On the integrated programme of scientifico-technical progresses of the member-countries of the Comecon until the year 2000. 1

* * * - (This programme).

Nguyen Ngoc Le - Scientifico-technical activities for the implementation of the Resolution No 8 at the Ministry of Mechanics and Metallurgy. 14

Nguyen Than TAM - Scientifico-technical work in the past 5 years and orientations for the 5 years to come in the branch Chinawares-ceramics-crystal. 16

Chu Thuong Dan - On the tasks of the Centre for the development of scientifico-technical progresses. 18

Do Duc Bac - R and D at the Paper and Cellulose Institute. 20

Bui Nhuyen - Putting into practise in industrial production scientifico-technical progresses at Thai Binh. 22

Le Huu Cung - The Tam Hiep mechanical factory is 20 years of age. 24

Nguyen Van Man - 5 years of activity of the programme on building materials. 27

Nguyen Huong - Researches on sociology of dwelling. 33

Le Quang Huyen - Results of researches on the means of protection of the ecological environment of the futur Tri An lake. 37

Nguyen Duc Khien - Scientifico-technical work on the level of the district at Hanoi. 40

Lai Huu The - Development of small hydroenergy in VietNam. 44

NEWS ABOUT SCIENTIFICO-TECHNICAL ACTIVITIES 47

/9317
CSO: 4200/1253 END

JPRS-SEA-86-138

11 AUGUST 1986

Southeast Asia Report

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JPRS-SEA-86-138

11 AUGUST 1986

SOUTHEAST ASIA REPORT

CONTENTS

BURMA

Fighting, Economic Conditions in Shan State Reported
(Thong Tai; KHAO PHISET, 16-22 Jun 86) 1

THAILAND

Chawalit Manipulation of Labor Party; Splits Seen
(SIAM RAT SAPDA WICHAN, 15 Jun 86) 3

Socialist Leader on Party Demise, Links to Other Parties
(Somkhit Sisangkhom; SIAM RAT, 17 Jun 86) 5

New Southern Moslem Mujahadin Movement Discussed
(SU ANAKHOT, 28 May-2 Jun 86) 8

16 Killed in Campaign in Provinces
(BANGKOK WORLD, 24 Jul 86) 12

Writer Faults Overly Close Ties With U.S.
(Khom Khieu; THAI RAT, 8 Jun 86) 13

University Group Blasts U.S. on Farm Act, Arms Depot
(SIAM RAT, 18 Jun 86) 15

CPT Returnees' Political Moves, Harassment by Officials
(KHAO PHISET, 12-18 May 86) 16

Foreign Minister 'Harassed' by Phone Threats
(BANGKOK WORLD, 15 Jul 86) 22

New Travel Restrictions on Diplomats Imposed
(THE NATION, 19 Jul 86) 23

Political Parties' Economic Platforms Viewed
(THE NATION, 23 Jul 86) 25

New Force Chief Discusses 'Leftist' Image, Economics
(Prasan Tangchai Interview; SIAM RAT, 18 Jun 86) 31

Prasong on Plans To Close Cambodian Refugee Camp
(Various sources, various dates) 35

Closing Reaffirmed 35
NATION: Best Solution 36
Prasong Bars Amnesty International 37

Prasong Says CPT Workers in Human Rights Groups
(BANGKOK POST, 14, 17 Jul 86) 38

'Infiltrated by Communists' 38
BANGKOK POST: On Credibility, Editorial 39

Minister on Rescuing Ailing Finance Companies
(BANGKOK POST, 15 Jul 86) 41

Central Bank Said Wary in Rescuing Ailing Banks
(Wachira C. Santikun; THE NATION, 14 Jul 86) 43

Banker on Current Account Surplus, Deficit
(BANGKOK POST, 17 Jul 86) 45

Sitthi To Persuade Indonesia To Buy Rice
(BANGKOK POST, 15 Jul 86) 47

Rice Export Earnings Drop in First Half of 1986
(BANGKOK POST, 17 Jul 86) 50

Briefs

Lao, Cambodian Refugee Relocation 51
Jenkins Bill 'Impact' 51
Arrested UDP Candidate 'Claims' 51
EC Aid to Refugees 52
Antipiracy Program Extended 52
Government Receipts, Expenditure 52
Bank Risk Assets Reclassified 53
Oil Service, Supply Industry 53
Fifth Bangkok-London Air Service 53
UK Loan for Rubber Replantation 53
Diplomatic Ties With Comoros 54
PRC Humic Acid 54
Aid Agreement With Japan 54
FRG Technical Assistance 54
New Permanent Secretary 54
Campaign Against CPM in Yala 55
'Heavily-Armed' Pirates Arrested 55

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Briefs
Khmer Rouge-SRV 21 Jul Clash 56

PEOPLE'S REPUBLIC OF KAMPUCHEA

SRV Assists Cambodia in Posts and Telecommunications Field (Dang Van Than; NHAN DAN, 23 May 86) 57

Hau Giang Gives Aid to Cambodian Brotherhood Province (NHAN DAN, 6 Jun 86) 59

VIETNAM

PARTY ACTIVITIES AND GOVERNMENT

More Readers Offer Ideas for Forthcoming Party Congress (SAIGON GIAI PHONG, 20 May 86) 61

Youth Union Chapters Deal With Self-Criticisms, Criticisms (V.K.-Tuan Linh; SAIGON GIAI PHONG, 21 May 86) 64

/9987

FIGHTING, ECONOMIC CONDITIONS IN SHAN STATE REPORTED

Bangkok KHAO PHISET in Thai 16-22 Jun 86 pp 21, 22

[Special Reporter column by Thong Tai: "The Guerrilla War Between the Burmese Military and the Shans"]

[Text] It will not be easy to settle the dispute with the minority groups in the Union of Burma as long as the puppet government that is manipulated by Gen Ne Win continues to seek retribution against the minority groups in Burma. Besides the fighting between the Burmese government forces and the Kawthulay, or Karen forces to the west of Thailand, the Burmese government forces are also fighting several Mon groups (the Republic of Raman) and the government group of the Tai Revolutionary Council, which is called TRC for short and which is headed by Konchoeng, or Mo Heng, who serves as prime minister.

Reports from Thailand's northern border area, which borders the Shan State, state that there are frequent clashes. In particular, Burmese soldiers have attacked and robbed undefended Shan villages. In less than 2 months, that is, from the middle of March to the beginning of May, the Shan forces fought the following engagements against the Burmese government's 104th Battalion, 77th Division:

On 13 March, the Burmese forces attacked a Shan village and temple at Ban Pang Hu in Lai Kha Township, Khoi Laem District. Eight villagers were treated in a barbaric manner and some of them fainted. Worst of all, some of them were blinded. Also, the Burmese forces stole their property.

On 3 April, 40 Burmese soldiers attacked and burned Ban Pha Khrua in Muang Lang Town, Hua Pong Township. Reports state that 20 people suffered losses. The Burmese troops stole 12,030 tang [1 tang equals 20 liters] of paddy, 54,600 kyat in cash, and gold weighing 8 baht [1 baht equals 15 grams]. They also burned 17 Shan houses. Seven villagers were seriously injured. This stemmed from the persecution of Shans by government troops who were tired and hungry.

On 12 April, Burmese troops stole three cows for food. This happened at Ban Pong Sophu in Khoi Laem District. At about the same time on 25 April, Burmese soldiers robbed villagers at Ban Khitla in Muang Lang Town, Hua Pong Township, Tongki District. Ten Shans suffered losses. The government soldiers stole cattle, horses, clothing, blankets, oil, rice, and 2,100 kyat in cash.

On 4 May, Burmese soldiers launched an attack and burned houses in Pla Kham, Pang Hu, and Nong Daeng towns. Four Shan villagers lost a total of 216,700 kyat. The soldiers also stole 2,150 tang of paddy and 2 horses.

The attacks on and pillaging of defenseless Shan villages generated great anger within the Tai Revolutionary Council, or TRC. A news source reported that on 10 May, Maj Gen Chao Kanchet, the commander of the Shan national liberation forces, led an attack on Burmese forces at Ban Phalai in Lai Kha Township. One Shan and 16 Burmese soldiers were killed. At least 10 Burmese soldiers were wounded. This attack was in revenge for the savage way that Shan villagers had been treated.

Our reporter observed that ever since the Union of Burma took all 100- and 50-kyat banknotes out of circulation, the price of goods has skyrocketed. The people are all experiencing great difficulties. For example, in Pan in Khoi Laem District, which is a handicrafts and trade center in southern Shan state, the price of goods has shot up alarmingly. A package of noodles used to cost 120 kyat, but the cost is now 400 kyat. Kerosene used to sell for 7 kyat a bottle but is now selling for 24 kyat a bottle. Khabong cigarettes used to cost 22 kyat a carton but are now selling for 35 kyat. Khuya cigarettes used to cost 5 kyat a pack but are now selling for 12 kyat. The internal turmoil under the administration of the Union of Burma has grown worse and worse. Ever since Burma gained independence, there have constantly been reports of fighting between various groups. Today, the Shan forces have joined together under the leadership of Maj Gen Chao Kanchet and are waging a civil war against the Burmese government. But the problem for the Shans is that they must also fight and suppress the Burmese communists and the Haw Chinese opium caravans, which are guarded by Wa forces.

As for Khun Sa, the international opium kingpin, there have been reports that he has stopped trafficking in narcotics and is now cooperating fully with the TRC.

11943
CSO: 4207/263

CHAWALIT MANIPULATION OF LABOR PARTY; SPLITS SEEN

Bangkok SIAM RAT SAPDA WICHAN in Thai 15 Jun 86 pp 6, 7

[Unattributed report: "The Labor Democracy Party Is Not for the Laborers"]

[Excerpts] The Labor Democracy Party (the Social Democracy Party joined this party recently), which is led by Mr Prasoet Sapsunthon, was established in order to act on behalf of and protect the interests of the laborers. But many laborers, actually the majority of the laborers, refuse to join or use this political party to fight for or protect their interests.

"This party is not clear," said a labor leader from the Employees Council of the Labor Federation to SAPDA WICHAN. "Everyone knows that it is backed by the military."

The Labor Democracy Party was established in 1983. In the 1983 general election, this party fielded candidates for 6 of the 324 seats in parliament. But not one of its six candidates was elected.

This party has frequently been criticized for having close ties with "soldiers." In particular, the party leader, Mr Praseot Sapsunthon, has a close relationship with Gen Chawalit Yongchaiyut, the present RTA CINC. Among laborers, it is said that these two men have constantly tried to infiltrate the labor movement.

In the past, Mr Prasoet and Gen Chawalit have frequently been involved in the strikes and protests of workers from state enterprises, such as the State Railway of Thailand and the Thailand Tobacco Monopoly. When Mr Ahmat Khamthetthong and Mr Sawat Lukdot, two labor leaders who are defendants in the 9 September Rebellion case and who are still in jail, were leaders of the Labor Council (Employees Council of the Labor Council of Thailand), they joined the Labor Democracy Party enthusiastically and tried to involve the labor movement in this.

"If this party can clear up things and actually stand on the side of the laborers, all laborers will support it," said the same labor leader from the Labor Federation. "But actually, they can't do that. Because the party wasn't established to work on our behalf."

However, there are certain labor groups that support the Labor Democracy Party. Most of the laborers who support this party are people who are close to

Mr Prasoet in his capacity as their "teacher." Such laborers include Mr Chuphong Thithuan, the president of the Provincial Water Works Authority labor union and the former secretary general of the Labor Council, and Mr Wanchai Phrompha, a railroad labor leader at the Makkasan plant.

Mr Chuphong and 19 labor leaders resigned from the executive committee of the Labor Council in the middle of May. In labor circles, it is said that the reason why Mr Chuphong and the others resigned their positions was that they got into a dispute with Mr Thanong Pho-an, the president of the Labor Council, about the work. Another reason was that Mr Thanong disagreed with Mr Chuphong about having laborers from the Labor Council support the Labor Democracy Party. Mr Chuphong and his supporters resigned in order to force the election of a new executive committee. He hoped that he would be elected president of the Labor Council and that he would be able to take the Labor Council in the direction that he wanted.

As for the Labor Federation, it held a meeting on 10 June and passed a resolution to have all members support the Community Action Party in various ways, including voting for the party's candidates and carrying on public relations activities on behalf of the party.

"The reason why we support this party," said a Labor Federation leader, "is that besides the fact that this party has a clear labor policy, it has given laborers an opportunity to participate both directly and indirectly. That is, it has allowed us to participate directly by becoming members of the party and to participate indirectly by giving suggestions and expressing our ideas on labor matters."

A labor observer said that it is not surprising that the Labor Federation passed such a resolution. Because Mr Phaisan, the president of the Labor Federation, is now serving as an advisor to the Community Action Party. Mr Phaisan was one of those who pushed for including a labor plank in the policy of the Community Action Party.

"Mr Phaisan has worked with Mr Bunchu since the very beginning," said a labor leader close to Mr Phaisan to SAPDA WICHAN. "Mr Phaisan planned to transfer the house registrations of laborers to his place of work by 1987. But the government dissolved parliament before he could do this."

A news source from the Labor Federation said that actually, the Labor Federation took a good look at the Democrat Party, because this party has people such as Mr Nikhom Chantharawithun, the former director-general of the Labor Department for whom laborers have great respect. But after discussing matters with him, they saw that even Mr Nikhom did not know very much about the structure of this party.

However, the fact that the Labor Federation is supporting the Community Action Party shows that although the Labor Democracy Party has the word "labor" as part of its name, it is not a labor party.

11943
CSO: 4207/264

SOCIALIST LEADER ON PARTY DEMISE, LINKS TO OTHER PARTIES

Bangkok SIAM RAT in Thai 17 Jun 86 p 2

[Interview with Col Somkhit Sisangkhom: "The Final Moments of the Social Democracy Party"; date and place not specified]

[Text] [Question] How do you feel about having to disband the Social Democracy Party after having been through so many difficult political struggles?

[Answer] We still have emotional ties to each other. I feel very sad about these political conditions. We will have to continue the struggle by uniting with other parties. If we have a chance to enter parliament, we will quickly push to revise the political parties law.

The current law forces the political parties to field a total number of candidates equal to more than half the number of MPs. This conflicts with the consititutional provisions on people's rights and freedoms in establishing associations and political parties. Promulgating a law to disband parties because they cannot field the required number of candidates is tantamount to curtailing people's political rights and freedoms.

[Question] The ideals of the Labor Democracy Party and the Social Democracy Party seem very different. It seems unlikely that they could form a united front.

[Answer] I think that the Labor Democracy Party has one point in common with us and that is it has fought for the laboring class. Based on my discussions with Prasoet Sapsunthon, he is trying to wage a parliamentary struggle. Laborers have joined forces in order to build a democracy. Just like the Social Democracy Party, they have used mass forces and not become involved with interest groups. We have struggled on behalf of the people. The fact that the Labor Democracy Party has leaned toward that power group is its business. We are relying on the legal conditions to field candidates in the name of the Labor Democracy Party. We could not join with any other party because our ideals are too different.

In particular, the capitalist parties believe that capitalism can solve the country's problems. But I don't believe that. The capitalists will just try to maintain their own interests. They have no intention of trying to solve the problems. For example, when the national bank promulgated a law to control the capitalists, there was great opposition. How could they solve the country's problems?

[Question] In your view, the Social Democracy Party continues to exist, isn't that right?

[Answer] That's right. People still hold these ideals. There are still many people who hold social democracy views. Some have joined capitalist parties, but they have said that they are still social democrats at heart. All we have is money for the application fees. We owe money for everything else. Even the party telephone has been disconnected because we don't have the money to pay the bill.

However, we plan to continue the struggle after the election. We must revive the party and continue to lead our supporters.

[Question] How many members of the Social Democracy Party are running for election in the name of the Labor Democracy Party?

[Answer] At first I didn't plan on running for election. But committee members asked me to run in the interests of the parliamentary struggle. Our first talks with the Labor Democracy Party were on 5 June. We decided that each party would field its own candidates. We tried to find the required number of candidates, holding to the principle of helping ourselves. But we didn't have enough money to wage a campaign. Together with the Labor Democracy Party, we issued a joint statement stating that we would wage separate struggles. But we couldn't find enough money to field candidates and so on 9 June we passed a resolution to join with the Labor Democracy Party in fielding candidates.

Legally, the Social Democracy Party has had to disband. But we are still a de facto political party. We have joined together based on the legal conditions. But in the political struggle, we are continuing to use the name Social Democracy Party in the campaign.

Thirty members of the Social Democracy Party are now running for election in the name of the Labor Democracy Party. Most of these are new members. Many of the old members such as Mr Khlaeo and Mr Suthi deserted the party a long time ago.

[Question] What are democracy's chances of surviving?

[Answer] Democracy in Thailand is very disorderly. The next election will be very dirty again. Can you believe how MPs have jumped from one party to another? Whenever party members see more money somewhere else, they jump to the other party. Actually, democracy evolves on its own. Politics is like a social science. This is different from the natural sciences in that the natural sciences can take substance A and combine it with substance B in a controlled manner and predict the results. But the social sciences deal directly with human affairs.

You can't test human behavior in a laboratory. Human behavior takes time to evolve. It evolves on its own. Humans are malleable depending on the situation. But for some reason, Thailand likes to promulgate weird laws like this.

[Question] The military has stated that it will remain neutral in this election. How likely is that?

[Answer] From what I have seen of the RTA CINC, that seems quite likely. The soldiers must return to their bases. The military and democracy can get along. But this depends on the senior officers. Soldiers think that they know everything about politics. But actually, their knowledge is very incomplete. Their interviews show that they lack knowledge. Only now has the RTA CINC begun to understand politics. In the past, they claimed that soldiers were citizens who had a right to get involved in politics. Soldiers are regular government officials in a democratic country. They are the tool of the state. They can't do whatever they want. All they can do is express the government's viewpoint. If they play a role that goes beyond the duties of soldiers, they should be dismissed immediately. Very few soldiers have stepped out of line. Most are professional soldiers. Only a few have stirred up trouble.

I don't think it was necessary to set up election centers. After all, the prime minister didn't have to set up civil service election centers or compel government officials to go vote.

[Question] Whom do you think will be chosen prime minister following the election?

[Answer] The leaders of the political parties have the right to become prime minister. Others, regardless of who they are, are not involved. The only people who have the right to serve as prime minister are the leaders of the political parties. But Thai politics is special, because the party leaders don't dare become prime minister. They have to ask an outsider to serve as prime minister. For example, MR [royal title--FBIS] Khukrit begged Gen Prem to become prime minister even though the Social Action Party received sufficient votes for the party leader to serve as prime minister.

I think that this is a grave mistake. Outsiders should be kept out unless the party leaders know that they cannot serve as prime minister. Then they can ask an outsider to serve in this position. I think that we are the only country in the world with such a semi-democracy. If I were elected and my party won a majority of the seats, I would serve as prime minister.

Everyone wants to be prime minister. Mr Ukrut Mongkhonnawin would like to be prime minister. People are waiting in line. Those who want to be prime minister are all waiting in line. They would be like Mr Thanin and Mr Praphat. As for which outsider will become prime minister, I don't want to guess. They will probably look for an outsider as a compromise just like before.

11943
CSO: 4207/262

NEW SOUTHERN MOSLEM MUJAHADIN MOVEMENT DISCUSSED

Bangkok SU ANAKHOT in Thai 28 May-2 Jun 86 pp 16-18

[Unattributed report: "Mujahadin, the Last Gasp of the Bandit Terrorists"]

[Text] Some people refer to the south as the "diamond-studded golden ax handle," which refers to the wealth and abundance of natural resources that are found there and that provide a living for the people there. But at the same time, something else that is present in great abundance is terrorism. In the other regions of the country, the terrorists who have appeared and become well known have all been communist terrorists. But in the south, there have also been terrorist movements whose aim is to stir up internal turmoil, movements that oppose a neighboring country, and bandit terrorists.

As a result of the military and political offensives, the various terrorist groups have grown weaker and weaker. One group after another has disbanded. And so today, only a few groups continue to exist. These are the BNPP, the BRN, and PULO.

Based on the above, it is clear that if these terrorists groups insist on acting alone as if it is "each man for himself," in the end their movements will all collapse. The leaders of these groups are well aware of this and so they have made an effort to unite. That is, all three terrorist groups have made an effort to join their forces. This is the origin of the terrorist movement known as the Mujahadin movement, or Pattani Mujahadin Party.

Around the end of last April, Lt Gen Wanchai Chitchamnong, the 4th Army Area commander, talked about the case in which an unknown number of terrorists of unknown origin set off a bomb at the American consulate in Songkhla Province. It seems that the people or group responsible for this wanted to show the power of the terrorist ideology of Col Muammar Qadhafi, the Libyan "demon of terrorism" who wanted to stir up trouble in retaliation for the U.S. bombing attack on the Libyan capital.

But the 4th Army Area commander expressed a different opinion about this case. He said that this act might have been committed by members of the Mujahadin movement. This remark by the 4th Army Area commander aroused the interest of those who have followed the terrorist situation, particularly the situation in the south. All had the same question: What is the Mujahadin?

Mujahadin means religious fighter. It is an organization that was founded in the Middle East and in other Moslem countries. It subscribes to the Islamic principle of fighting on behalf of or supporting Moslems who are being oppressed by non-Moslems.

In Thailand, this movement uses the name Pattani Mujahadin Party. It was established in 1984 by Mr Ha Yaha, a former PULO leader who got the idea from Pakistan. Mr Ha Yaha died at the end of 1984. He was replaced by Mr Hassan at the beginning of 1985. He contacted the BNPP, the BRN, and PULO and worked to unite these groups. There was an immediate response from these three terrorist groups, with the reason for this probably being as discussed above.

These three groups began coordinating things and began organizing a new movement. They openly announced the formation of the party on 16 September 1985, calling themselves the "United Pattani Mujahadin Party," or "Pattani Mujahadin" for short. Their stated objective was "to have Moslems unite and struggle in accord with the Islamic line."

The struggle line announced by the "United Pattani Mujahadin Party" can be summarized as follows: the Moslems in the five southern provinces are to wage a struggle for the independence of the State of Pattani and create an Islamic State of Pattani that is governed according to the laws of Islam. They are to do everything in accord with the teachings of Islam and spread Islam and the Islamic struggle.

As mentioned above, these three terrorist movements have joined together to form the Mujahadin movement out of necessity. Members of these movements have died from natural causes. Some have been killed in military suppression operations. Some have left as a result of political pressure. And some have surrendered voluntarily. These terrorist movements have grown weaker for all these reasons. Thus, whether this new party "stays or goes" depends mainly on the "number of members." For this reason, the Mujahadin Party has stipulated the following policy and tactics for bringing in new members:

The party wants the people of Pattani to be general members. It is relying on the old members of PULO, the BRN, and the BNPP to form the primary front. The leaders of all bandit terrorist groups will serve as honorary members. The name of the group in English is Barisan Bersatu Mujahadin Pattani (BBMP), or United Pattani Mujahadin Organization. PULO is serving as the activist in coordinating things. Funds are obtained by demanding protection money from people in Thai zones. Violent means are used, such as setting off bombs in hotels, stores, and rubber plantations belonging to Thai of the Buddhist faith and in government offices. They also receive support from Moslem countries.

The Pattani Mujahadin movement, which from now on will be referred to as the BBMP, has its headquarters, which stipulates policies and operations methods, on Osapita Road near a 12-room apartment building in a country bordering Thailand. It isn't necessary to name this country, which would just hurt others' feelings unnecessarily.

The BBMP has formulated a three-stage plan of operations. The first stage calls for political operations, the second stage calls for military operations, and the final stage calls for social and cultural activities. The BBMP has also stipulated tactics for coordinating the interests of other movements on various fronts. For example, it has secretly carried on activities in the Dawa group and with the subdistrict chief of Tako Subdistrict in Ruso District, Harathiwat Province (a former bandit terrorist leader) with the objective of gaining information.

The leadership of the BBMP is as follows:

1. Abdul Raman Mufti, or (former) Instructor Phoming, is the president.

2. Waehama Bin Waeyuso is the vice president for administration and religious affairs (he was a BNPP leader).

3. Abdul Karim Bin Hatsan is the vice president for armed forces (he was a BRN leader).

4. Abdul Bin Abdul Raman is the secretary.

5. Amin To Mina is the finance chief.

6. Hatrotmi Bin Abdul Raman is the assistant finance chief. (He is also the secretary to the minister of an important ministry in a neighboring country.)

7. Suding Abdul Salae is the treasurer. (He is the younger brother of Siri Abdul Salae, the mayor of Narathiwat City.)

This neighboring country has said that it will cooperate with Thailand in suppressing the bandit terrorists. Joint operations have been conducted several times. Each of these joint operations is given the code name "Taksin Operation...," which is followed by numbers designating the year of the operation and number of operations carried out that year. The targets are the bandit terrorists, who pose a threat to the security of Thailand, and the Malaysian communist guerrillas, who pose a similar threat to the government of that country. But it is worth considering the sincerity of that country. That is, have they really taken resolution action against the terrorist groups that pose a threat to Thailand? Because the BBMP, whose objectives pose a direct threat to Thailand, has been allowed to openly establish its headquarters in that country. Also, politicians in the government hold important positions in this movement. And what is even worse is that the government of that country has given support to the BBMP.

On 3 February 1986, the government of that country gave members of the BBMP land for growing crops and building houses. This land is located in a forest preserve in a state in the northern part of the country. This comprises more than 400 acres. They were also given another 1,000 acres in another district in this state. Thus, the role of this friendly country in this matter should be looked at closely.

From what has been said above, it can be seen that the birth and organization of the BBMP is no cause for alarm. There is no reason for thinking that this movement will pose a threat to the security of Thailand. It has been more than a year since this party was established, but there is no indication that this movement is growing in power. This is because the activities of this movement are like those of a drowning man who will grasp at anything, even a straw, in an attempt to save himself. What we should keep an eye on is the role of that friendly country. In the past, it has constantly been ready to exploit us. That is what is interesting.

11943
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16 KILLED IN CAMPAIGN IN PROVINCES

BK240731 Bangkok BANGKOK WORLD in English 24 Jul 86 p 3

[Text] Sixteen persons involved with election campaigning have been killed in 16 provinces, the Police Peace-keeping Force for the General Election (PPFGE) was told yesterday.

At a meeting of PPFGE officers chaired by Pol Lt-Gen Wichian Kanchanarat, Special Branch Police Commander Pol Maj-Gen Kasem Saengmit said there was a tendency that more violence would occur before and on polling day.

He said 16 canvassers, supporters and government officials have been killed since campaigning began two months ago.

Among those killed were five canvassers and one supporter of the Democrat Party, four canvassers and one supporter of the United Democratic Party, four canvassers of the Chat Thai Party, one canvasser of the Ratsadon Party and one canvasser of the National Democracy Party.

Moreover, five government officials involved with the election preparation were killed. They included a school teacher, a provincial councillor, two village headmen and a deputy village headman.

Four canvassers of Democrat, Chat Thai, Ratsadon and Progressive parties have also been wounded in attacks, Pol Jam-Gen Kasem said.

Three members of Social Action, Chat Thai and Ratsadon parties have been threatened with explosives, he added.

Ten candidates--two from the Democrat Party, five from Social Action Party, two from the Community Action Party and one from the United Democratic Party--have violated the election law, Pol Maj-Gen Kasem said.

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WRITER FAULTS OVERLY CLOSE TIES WITH U.S.

Bangkok THAI RAT in Thai 8 Jun 86 p 9

[Complete Mechanism column by Khom Khieu: "American Style"]

[Text] A recent article by a U.S. news agency that appeared in the Asian edition of the WALL STREET JOURNAL praised the U.S. Farm Act, saying that this has achieved good results and that the United States has been able to take world rice markets away from Thailand because of this clever system of giving paddy mortgages to American farmers.

The Thai mass media has been criticizing the United States on this issue for several months now. They have exhausted almost all the swear words in the Thai dictionary. It must be admitted that the United States is a clever but selfish country that will abandon its friends to save itself. It is not bound by any moral considerations.

When anything bad happens in the world, if someone says that the CIA was involved, people will tend to believe this. This is because of the two-faced behavior of the United States. It says that it hates dictatorship. But Marcos was a great friend of the United States. When the people drove him out of the country, he went to live in the United States.

In Haiti, which is in the backyard of the United States, when the people rose up to drive out their ruthless president, the United States had to provide an aircraft to fly him out of the country. But those who took control of the country are from the same group of dictators. They have begun killing the people with the support of the CIA. This has been the subject of sensational television reports in the United States.

Or take the anti-terrorist campaign waged by the United States against Libya. The news agencies in the United States have never told the world that five American oil companies are still producing oil there. The activities of these companies account for more than half the budget of Libya, which the United States accuses of providing funds to support terrorist activities throughout the world.

The United States has not touched these oil companies. This is because it places profits above principles. But a U.S. congressman has had the "cheek" to review the role of Thailand, which voted in favor of the UN resolution to condemn the action taken by the United States. When the Thai government fell recently, there were rumors that the CIA was involved. And people believe this.

Thailand has been following the butt of the United States for a long time. More than half of the administrators in the public and private sectors have studied in the United States. Thus, the Thai bureaucracy is filled with administrators who speak Thai mixed with English. When a guest comes to visit and speeches are given, the visitor speaks in his own language and uses his own interpretor to translate his speech into Thai. The Thai host reads his speech in English, too, and the translator has to translate it into Thai. I don't know why they don't speak Thai.

Even the mighty Thai military has copied the American system even though it knows that the military budgets of the two countries aren't comparable. American soldiers fight in comfort. They depend on logistics with little thought of the cost. But Vietnamese wearing sandals and straw hats drove them into the sea because of their lack of morale. The difference between the Thai and American militaries is that American generals ride in mid-priced cars made in the United States. But Thai generals ride in expensive German automobiles.

The Thai private sector is trying to apply the principles of business administration that were learned in the United States in an attempt to improve the work system and make it an "American-style" system even though the personnel and resource structures are very different. Also, in the United States, when a company releases a worker, there is a labor welfare system on which the worker can rely. He does not have to experience great difficulties. But Thai workers have to help themselves and accept their fate.

But today, the American style of administration is beginning to spread in Thailand. Recently, the Thai distributor of Kodak film began using a new system of dismissing people. It has ordered that employees are to be given a chance to resign. If that does not succeed in reducing the number of employees, then people will be fired. This is the policy of the parent company, which is experiencing financial problems and which had had to reduce its work force worldwide. But it has taken this action without considering the fact that wages in Thailand are much lower than in the United States.

American-style administration in the company is a matter that is still pending in court. Because when one bold worker was transferred to another position, which he did not think was fair, he filed charges in both the labor and criminal courts. The case is still pending. Thus, administrators are again using the policy of releasing people through voluntary resignation. This form of administration, in which profits are placed above everything else and no thought is given to the difficulties of the workers, is called "American style."

11943
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UNIVERSITY GROUP BLASTS U.S. ON FARM ACT, ARMS DEPOT

Bangkok SIAM RAT in Thai 18 Jun 86 p 7

[Article by the "Din Nieu [Clay] Group, Songkhla Nakharin University, Hat Yai campus: "Back to the Farm Act and Arms Depot; Don't Forget These Things"]

[Text] During the past period, there has been widespread and continuous opposition to the Farm Act by various power groups. In particular, student groups led by the Student Federation of Thailand have joined with other groups and organizations to protest against this U.S. law. And there has been a good response from the Thai government. This is another case in which people from all circles are showing an interest in and participating in opposing the great danger from this ally, a danger that is threatening Thai farmers, who are already in dire straits.

But it is worth noting that Thai farmers have been exploited and oppressed for a long time. The government and those concerned have not shown much interest in this or taken steps to solve the problem and make things fair for the farmers. This is very different from the case of the Farm Act. What is the reason for this?

One thing that cannot be denied is that the farmers have suffered greatly as a result of the depressed prices for farm products, which (it is said) will drop even more. But one important reason that has received little attention is that besides the effect on the farmers, the Farm Act will have a great impact on financiers and exporters. Foreign revenues (which have rarely reached the farmers) will drop. The financiers who have a monopoly on selling fertilizer and seed and even bankers will be greatly affected by the financial problems of the farmers, who may even go bankrupt (and sooner than expected). Or this can be discussed from the standpoint of the people's purchasing power, which will decline. The important thing is that the common target this time is a "foreign country."

However, the real problems confronting Thai farmers are the same ones that they have faced for decades. They have been totally dominated by the market mechanism. They have had to "buy high and sell low." That is, pressure has been exerted to keep farm prices low. But they have had to pay high prices for production factors such as fertilizer, insecticides, and seed and consumer goods. They have been adversely affected by consumer capitalism. There is debt and poverty. People have lost their land as a result of the exploitation. Children suffer from malnutrition. People have fallen into the vicious circle of ignorance, poverty, and pain. But the government and people concerned have not yet taken resolute and urgent action to solve these problems.

Talking about the great danger posed by the United States, which many people refer to as our "great ally," we don't know whether those who are opposing this threat are doing so because they understand the problem and realize that the United States has been exploiting Thailand for a long time or whether they are doing this just because of the "Farm Act."

Actually, this great ally has done many other things that have harmed Thailand. We hope that people in all walks of life will take an interest in, monitor, and keep abreast of what the United States is doing on all fronts. We call on the Thai government to implement truly independent policies, including independent foreign, economic and military policies, and not act like the colony of a great power.

Another very important and interesting matter that concerns the United States is the war reserve stockpile. Pressure is being exerted to establish this arms depot in Thailand. Caspar Weinberger, the U.S. secretary of defense, came to discuss this and received a very favorable response from the Thai government and military. Steps will be taken to complete this within 2 months. We have the following views on this:

1. This is a very important matter. It will have a strong and direct effect on international politics in this region. It will increase the tension and may lead to an arms race in this region. "Will nuclear weapons be stored at this arms depot?" "If an arms depot is established, will this be followed by the establishment of military bases?" This will definitely pose a threat to peace in this region.

This is a very important issue and so action shouldn't be taken too hastily. This should be considered very carefully by various sides.

2. The Thai people should be informed of the facts, because every person has an equal stake in the country. This shouldn't be decided in secret by people at the top. They shouldn't rush to complete this. To date, very little has been said about the importance of this.

3. People have the legal right to express their opinions regardless of whether they agree or disagree as long as they have reasons. The government (and the military) must show respect for parliament. It can't be said that "this is a military matter. It doesn't concern the people." Because this arms depot will be established on Thai soil, which belongs to all Thai.

We hope that all sides will take an interest in and monitor this closely. More people should give their opinion on this.

11943
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CPT RETURNEES' POLITICAL MOVES, HARASSMENT BY OFFICIALS

Bangkok KHAO PHISET in Thai 12-18 May 86 pp 25-27

[Special Reporter column by "707 Northeast": "False Rumors at Dong Mu and Harmful Reports at Dong Luang: Who Has Created Conditions for a New Revolutionary War?"]

[Text] The April 1986 issue of the journal KPPP (KHANA KAMMAKAN PRASAN NGAN PRACHACHON PHUA PRACHATHIPATAI) published an article entitled "The CPT and the Tight Political Situation." At one point, it stated that the political situation has begun to open up and that Thai democracy definitely has a chance to grow, particularly with the election in 1987. But the "CPT [Communist Party of Thailand] feels that the present political situation is very tight." And "it can be seen that the villagers have no way out, or they haven't been able to find a way out." As an example, the article cited the poverty of the people. In order to explain the words "tight situation," at the end of the article it said that the CPT is trying to expand its united front activities by resolutely concealing its activities. It is difficult for government officials to find out what is happening. "By the time they find out, it may be too late."

KHAO PHISET has made an effort to find out what is happening in the rural areas. We have learned several things that are quite disturbing and are afraid that in today's fragile and complex situation, these problems will have a bad effect on the country's security unless these problems are understood clearly. Occasionally, conclusions about CPT activities in the rural areas need to be reviewed thoroughly. But we are not doing this just to print something sensational.

The Events at Dong Mu 4 Years After Laying Down Arms

On 23 January 1983, 300 men from the CPT's upper northeastern forces surrendered in Kham Cha-i District in Mukdahan Province. After that, these people went to live in villages assigned them by government officials, that is, Ban Phuphahom in Don Tan District, Mukdahan Province, and Ban Dong Mu in Thatu Phanom District, Nakhon Phanom Province. Altogether, there were about 140 families. Most of these were members of the CPT who had operated in the Phuphan zone, or zones 111 and 333. Their leader was Mr Ramphoei Unchai (Comrade Som).

It was well known that these participants in the development of Thailand [PDT] had conflicts with the CPT group that was still in the jungle. Security officials knew all about this conflict. They knew who was left in the mountains and what their reaction was to those who had returned to the government side.

And then all of a sudden, reports appeared in the newspapers stating that the Region 4 Border Patrol Police Precinct had discovered a weapons cache in the jungle along the Um Mao-Khap Phuang highway on 1 April 1986. The police found 10 automatic rifles. The weapons were found approximately 2 km from Ban Dong Mu and 4 km from Ban Khap Phuang. Even though the newspapers said that the weapons belonged to participants in the development of Thailand living in Ban Khap Phuang, no one believes that. The weapons must have belonged to the PDT in Ban Dong Mu.

"That's not true. I can assure you that no one from this village ever went into the jungle and joined the communists. When they came to get the weapons, I was at home. I saw a helicopter land at the school and so I went out to see what was happening. I saw that a truck had arrived to pick them up. About an hour later, they returned to the helicopter at the school. Later, I learned that they had come to get the weapons," said Mr Duang Phayom, the headman of Village 4 in Nam Kam Subdistrict, Thatu Phanom District, to KHAO PHISET about the charge that people from Ban Khap Phuang had once participated with the CPT and that someone from his village had led the officials to the weapons cache.

The seizure of these weapons by the Border Patrol Police had a great effect on officials in the area, particularly the guard team in Ban Khap Phuang to which Regional Security Volunteers are attached. They knew nothing at all about this. That day, the BPP helicopter landed in the field in front of the school, which is located right next to the base of the guard team. But intelligence agents from every unit suspect that this was the work of villagers from Dong Mu. Since that day, large numbers of intelligence agents have been going to Dong Mu to obtain information.

"The villagers here have been greatly alarmed by what has happened. We were already under suspicion even before this happened. It's unbelievable that people from Ban Khap Phuang hid these weapons when they were in the jungle. I can state categorically that no one from Bab Khap Phuang went into the jungle. They are intentionally trying to smear the villagers of Dong Mu Village," said Mr Khemphon Chuatamun, the village headman of Ban Dong Mu.

A news source in Thatu Phanom District told KHAO PHISET that ISOC [Internal Security Operations Command] intelligence agents had learned that a villager from a village in Um Mao Subdistrict had tried to sell these 10 rifles to BPP officials stationed in Ban Um Mao for 30,000 baht. Prior to that, he had tried to sell them to ISOC officials, but he couldn't get a good price and so he didn't sell them. These were weapons that the CPT in the Phu Phan zone had given to the village militia to fight government officials. When the forces in the mountains surrendered, they did not retrieve the weapons from the village militia.

The same news source took KHAO PHISET to see the spot where the weapons had been discovered. The area there was light jungle. The weapons had been hidden in a 200-liter oil barrel, which had been buried about 30 meters away from the aterite road. The news source observed that if the weapons had been hidden there a long time ago, tree roots would be coming up at the bottom of the hole. But this hole looked as if it had been dug just recently.

Although the Region 4 BPP Precinct says that these weapons belonged to former communists and the people who live in the area say that this is just a game, the fact is that the participants in the development of Thailand at Ban Dong Mu are afraid that something else will happen.

Charges That He Is Paid By the Soviet Union and Vietnam

The role played by Mr Ramphoei Unchai, or Comrade Som, in his capacity as head or leader of the participants in the development of Thailand, has increased greatly during the past 3 years. The villagers in several villages in Nam Kam and Um Mao subdistricts have placed their trust in him. When he ran for the provincial council during the last election, Mr Ramphoei campaigned in only three of the eight subdistricts in Thatu Phanom District, but he still managed to place 10th in a field of more than 20 candidates. He has been the object of attention of intelligence units in the area ever since he ran for a seat on the provincial council, and there have been rumors periodically.

"The villagers here have many problems. When they come for help, I don't know what to do. If I provide help, there are immediately rumors to the effect that I am carrying on activities and mobilizing people. I know that people have concluded that I am a Soviet agent and a member of the Green Star group," said Mr Ramphoei Unchai.

In the past, Dong Mu was a transit point for CPT forces traveling from the Phu Phan mountains to Laos. At that time, the crossing point was at Kaeng Kabao, which is about 5-6 km from Dong Mu. A news source in Mukdahan said that today, Kaeng Kabao is used as a crossing point by Lao liberation forces who have jungle bases along the Mekong River near the border between Thatu Phanom District and Wan Yai Branch District in Mukdahan. This crossing point is also used by villagers who go to trade with people on the Lao side. Thus, it is difficult to determine whether these are Green Star or White Star groups. There is no clear evidence.

"There were once reports that I had gone and obtained weapons from the Lao side at Keng Kabao. When villagers here purchased a small rice mill to mill rice in the village, rumors appeared stating that they had obtained the money from the Green Star group. Today, I can't improve my economic position. Because if there is any small change at all, there will be rumors that I am being paid by people on the Lao side. Even though I am very poor, there are rumors that I am working for the Soviet Union," said Mr Ramphoei.

Other villagers in Dong Mu Village said the same thing. They said that ever since the village was established, many rumors have been spread about the village by government officials and by those still in the jungle. They wonder when they will be able to lead normal, happy lives. This year there are rumors about this weapons cache and so they are very alarmed.

A Voice From Dong Luang, "We Warned You"

The dispute about the felling of trees in Dong Luang District, Mukdahan Province has become more and more complicated. This matter is entering the "lock" of one side that wants this factor. It's like the story of Ta In and Ta Na, who cooked a fish. But then Ta Yu came and ate the fish. The "fish" are the people in Dong Luang who are being pulled one way by the police and another way by administrative officials. The newspapers have been full of stories about this. But they don't know that "Ta Yu" [the CPT], who has been waiting for a long time, is involved, too.

A news source in Thatu Phanom District said that the Nakhon Phanom ISOC recently sent a document stamped "top secret" to the districts in order to inform them about CPT activities along the boundary between Nakhon Phanom and Mukdahan. The document warned them to be particularly careful, because the CPT in the Phu Phan mountains are preparing to take military action again. The 73 men left are under the command of Comrade Khachat and Comrade Suthi. They have carried on mass activities and achieved results. They have already succeeded in having the village militia eliminate secret agents in some villages. They are carrying on their activities in greater secrecy. They are also acting more quickly by relying on the roads built by the government to link the villages (they use trucks and motorcycles as means of transportation).

The same news source also talked about the destruction of the forest at Dong Luang. He said that financiers are cooperating with forestry and land officials. The officials have issued land use certificates to villagers in tens of villages in Dong Luang District. These villages are located in the mountains. They are "old state power villages" of the CPT. Among these are Ban Na Lak, Ban Phon Hai, and Ban Nong Manao. The villagers have had land to work for a long time, but they haven't had land use certificates. Because people have wanted to do things according to the law, they have been willing to cooperate, without realizing that they have become "victims" of those who are destroying the forests and concealing their activities using "land use certificates." Previously, when a road was built through the heart of the "Phu Phan base" from Dong Luang to Khao Wong, trees on both sides of the road were felled. A total of 3,750 rai of trees was destroyed.

Among those arrested by police officials from the provincial police station in Dong Luang District at the end of February were Mrs Suthin Koksi, a well-known MP from Uthai Thani, a former Zone 777 (Udon Thani) leader who was acting as an "agent" for a financier, and villagers who owned the land where the trees had been felled. A number of the villagers who were arrested were charged with having fake land use certificates in their possession. A KHAO PHISET news source in Dong Luang said that after the arrest of these villagers, about 60 other villagers who had land use certificates that they had obtained from these financiers and officials became alarmed and fled into the jungle. There have been rumors that people are planning to burn down the Dong Luang police station.

"The situation in Dong Luang has improved. The villagers who fled have begun to return. I don't know if anything else will happen. But in any event, it is not the police, the administrative officials, or the financiers who have benefited from this. It is the communists in the jungle who have benefited. They may regain influence over their former base villages. Who knows? There are now many factors that they can use to attack government officials," said the new source.

An ISOC file noted that "Comrade Poti" is the leader in Dong Luang who is mobilizing the masses. He is a member of the So tribe. He joined the CPT a long time ago. An intelligence agent in Dong Luang observed that around the beginning of this year, the communist forces in the jungle were unusually active. They had been inactive for several years.

It will not be possible to solve this problem as long as the "big shots" behind the felling of the trees in Dong Luang remain free and villagers fall "victim." An attempt was even made to conceal the fact that villagers had fled into the jungle as a result of this. This was done for the political benefit of officials. But local officials and people know the truth. This cannot be ignored. Past lessons have been discussed over and over again at security seminars. Who has created the conditions forcing the people into the jungle and who is responsible for the injustices in society are questions that have been discussed very often. But before anyone comes up with an answer, it may be too late. The Thai people are tired of such talk.

11943
CSO: 4207/265

FOREIGN MINISTER 'HARASSED' BY PHONE THREATS

BK151017 Bangkok BANGKOK WORLD in English 15 Jul 86 p 1

[Text] Deputy Premier and Foreign Minister Sitthi Sawetsila, leader of the Social Action Party [SAP], is being harassed by an anonymous caller but says he is "not afraid of his threats."

Air Chief Marshal [ACM] Sitthi said he had been pestered all last week by a man who rang late at night and threatened to take his life if he did not stop attacking candidates of other parties.

But ACM Sitthi said he had not accused any individual or attacked any political parties in his election campaign.

The SAP leader said he had taken some of the calls from the anonymous man but let others handle some when he kept calling late at night.

Catching on to this, the caller then changed his time and began ringing between 7 and 8 p.m. he said.

ACM Sitthis said he had to pick up the phone sometimes because they might be from friends or calls from overseas.

But he maintained that he did not take the threats seriously.

"Mom (Khukrit) didn't take it seriously but instead connected the phone to speakers and amplified the calls for all the people in his house to hear," Sitthi said.

At the same time ACM Sitthi noted that accusations had become rampant as polling day drew near.

He gave the example of the reshuffle in the Commerce Ministry as a case that was exploited for political reasons.

"On the reshuffle proposed by Mr Surat (Osathanukro), the minister of commerce, I can assure you once and for all that there is no reshuffle as fanned by ill-intentioned people." He said that he had lost almost six kilogrammes in weight during the election campaign period.

/6662
CSO: 4200/1246

NEW TRAVEL RESTRICTIONS ON DIPLOMATS IMPOSED

BK190152 Bangkok THE NATION in English 19 Jul 86 p 1

[Excerpt] Thailand will impose new travel restrictions on diplomats from 10 socialist and Muslim countries as "reciprocity" and for "security reasons," Foreign Ministry sources said yesterday.

The sources said that Prime Minister Prem Tinsulanon on Tuesday agreed to the recommendations made by a special committee, which was set up three months ago.

The new measures to monitor the movement of diplomats will apply to Iran, Soviet Union, China, Bangladesh, Burma and Pakistan. The regulation will be effective beginning August 1.

The diplomats of these countries, the sources said, will have to ask Foreign Ministry's Protocol Department for permission three days in advance to travel outside Bangkok area. They have to identify their destinations, purposes, places of stay, detail of vehicles used, and accompanying persons.

Furthermore, they also must provide details of day to day programme during their proposed trips outside Bangkok.

THE NATION has learned that the new restriction was originally aimed at Vietnam as the result of the frequent unauthorized visits by Hanoi diplomats based here to the Northeast. Most of the Vietnamese refugees from the Dien Bien Phu era live in Udon Thani, Nakhon Phanom, Yasothorn and Nong Khai.

But the committee agreed to include nine other countries which also limited the movement of Thai diplomats in their countries. "It is based on the principle of reciprocity," the sources said.

A Western diplomat said that the new regulation will certainly draw strong reactions from China, which has maintained excellent relations with Thailand.

It is known among the diplomatic community here that proper notification to the Foreign Ministry are required for trips outside Bangkok. Countries like the U.S., Australia, Canada do inform the ministry of their trips and purposes.

The committee, which is responsible for the more stringent measures, comprises senior officials from various intelligence agencies including National Security Council, Special Branch Division, National Intelligence Agency, Internal Security Operation Command, Armed Forces Intelligence Directorate and Foreign Ministry's Political Affairs Department.

An intelligence source said that some Vietnamese refugees living in the Northeast have sneaked into other parts of Thailand without permission. They were detected in Petchbun, Phattalung and Songkhla, according to the source.

The source added security officials suspect that some of them could be subversive elements for Hanoi.

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CSO: 4200/1245

POLITICAL PARTIES' ECONOMIC PLATFORMS VIEWED

BK230351 Bangkok THE NATION in English 23 Jul 86 (Supplement) pp 8, 9

[Text] Some of the parties contesting the election have drawn up highly detailed and comprehensive policies, with various aspects of the economy given prominence. Agricultural issues are given priority, with many of them promising one way or another to boost prices.

But, as the Thai Farmers Bank's economic research unit has found, the policies are often optimistic, sometimes self-contradictory, and usually lack specific action plans for implementing the policies or for achieving the policy targets.

"The various parties' policies differ in the extent to which they are complete. Those parties that have been in existence for a long time and have relatively complete political foundations, such as the Democrat Party and the Social Action Party, have the advantage when drawing up policies because they have taken part in many previous elections," the bank's research unit says in its analysis of the 16 parties' platforms.

"This has enabled these parties to prepare policies that cover every branch of the economy and to do it from every angle.

"However, these parties' policies are broad policies. Some parties have sufficiently clear policies, but the scope of their policies is limited. For example policies to revive the economy as drawn up by some parties emphasize the revival of the economy and the creation of employment, but they do not cover other economic problems such as the way to solve the country's foreign debt burden. The main points of policies for developing the economy are skimmed over as well, such as trade and investment policies."

The bank's analysis also points out that most of the policies are immediate ones for dealing with immediate problems rather than for the longer term development of the country.

Among the contradictions spotted by the Thai Farmers Bank are the intention to stimulate the economy so that it can grow fast, while professing a desire to cut the trade deficit. Some parties say they are going to introduce a host of projects using government money, while at the same time saying they are going to reduce the government's budget deficit.

Others are more interested in forming the new government or being part of the government coalition than in drawing up credible and practicable policies, the bank's research unit says.

There will be some who disagree with the Thai Farmers Bank's comments. It could be argued that a good election platform is not one that goes into the details of how a party proposes to implement various policies. For one thing politicians, let alone the electorate, are not always the best people to draw up the technical means of achieving targets. For another, in the months and years after the election, conditions can change, making a detailed platform out of date.

Where these commentators agree with the Thai Farmers Bank's analysis is in the conclusion that none of the parties have set out where their priorities lie. Economists regard economic policy as a matter of trade-offs: Whether the government should be willing to hurt the urban public by increasing food prices in order to allow the rural public to have higher incomes, whether the government should allow most of its permitted U.S.$1,000 million ceiling on this year's foreign borrowing or whether the government should let future generations pay for this generation's spending.

It is also noticeable that even though the approval of the next five-year development plan will be one of the first economic issues that the new cabinet will have to consider, none of the parties has made any pronouncements on where they stand.

In all these respects, then, it could be said that none of the parties has been brave enough to provide the electorate with a genuine choice. And yet, when they are in power, the decisions they make will implicitly or explicitly affect the conflicting interests of different sectors of the economy, just as has happened in the past. For example, over the decades the government's rice policy has consistently favoured urban consumers by preventing high prices on international markets from seeping through to the domestic market. Farmers were prevented from enjoying the full benefit of the good prices.

In some respects, too, the policies do not inspire interest because they are little different from the policies and methods that the government's own technocrats and bureaucrats are already pursuing. The announced intention of many parties to reduce interest rates further, for example, is of little significance when that is already the intention of all government departments involved and all commercial banks, not to mention that market pressures are headed that way, too.

What would be more interesting is whether the government should allow some badly-run commercial banks to collapse provided small depositors are protected. Some politicans have commented on this, complaining that the government has been prepared to fork out billions of baht to shore up inefficient--and sometimes unscrupulous--banks and their bankers, while refusing to do the same for farmers suffering from declining world prices.

In one respect the timing of the present election is fortunate for the parties. With Thailand's oil import bill heading for a healthy cut and interest rates still on a downward trend, the economy is already looking brighter, and some of the optimistic policies such as increased government spending could be accommodated by the improvement. But then, the present government is already speaking in those terms too.

Some commentators will also dispute the Thai Farmers Bank's assertion that electoral experience helps parties to draw up good policies. With 40 per cent of the last House of Representatives switching parties this time there are some very old and experienced hands in some very new parties.

Moreover, some of the new candidates also have a wealth of experience on which to draw when preparing policies. Since it is part of a bank, the research unit mentions, without naming them, former central banker Suphachai Phanitchaphal, former Krung Thai Bank President Tamchai Khamphato, and others from financial circles. There are other similar candidates from a number of fields.

The bank also notes that among the 230 candidates from the military and police, 44 have the rank of general. If they are all elected and appointed to ministerial positions the next government will be a "government of commanders," the bank says.

This is there the parties stand on some of the major economic issues:

Agriculture

Almost all, if not all, the parties discuss raising agricultural prices. Only two--Ratsadon and the Liberal parties--specify that they will guarantee minimum prices, although they do not spell out the guarantee mechanism or what the guarantee prices will be. At least one Ratsadon candidate has named 2,500 baht per tonne as his personal minimum price for paddy.

Other parties prefer to use other means to boost prices often in conjunction with cost cutting and improving yields. Most of them propose the developmetn of marketing, irrigation and agricultural technology, and agroindustry, some of them describing the methods in greater detail than others. Land reform is mentioned by the Progressive Party, Democrat Party, and Chat Thai.

The fashionable buzz-word in agricultural development circles, "integrated" or "complete" development (in other words, developing all stages of agriculture from inputs to marketing) is used by the Democrats, Social Action Party, and Ruan Thai. Muan Chon places emphasis on the development of the transportation infrastructure.

The Democrats propose an agricultural council representing farmers, traders, exporters and the government. The council would determine pricing and marketing policies for fertilizer and other inputs as well as for produce. But the Democrat strategy for boosting prices relies more on the free flow of trade than on legal price limits.

The Community Action Party is proposing a 10,000 million baht per year budget for irrigation. The party's leader, Bunchu Rotchanasathian, was one of the architects of the Social Action Party's "ngoen phan" tambon budgets. The CAP says this budget should revert to its original form rather than the present dry season rural employment creation schemes. It also emphasizes the construction of local barns and other storage facilities for crops. Nakhon Sawa, where Bunchu is standing, is also designated the site for marketing and transhipment from land to water transport.

The Social Action Party maintains "ngoen phan" as a central feature of its platform with the idea that the tambon budgets will increase the power of locally elected tambon officers. Crop price support is also stressed and although the details are not spelt out, the party would seem to be leaning more towards the liberal policies of Commerce Minister Surat Osathanukhro than the stockholding policies of his predecessor and former SAP colleague Koson Krairoek.

The United Democracy Party places emphasis on transferring farmers' private sector debts to cooperatives or the Bank for Agriculture and Agricultural Cooperatives. Ruam Thai wants farmers to form strong solidarity organizations, Rasadon stresses long-term development, and the Liberals and Progressives want to promote cooperatives. Prachakon Thai candidates are campaigning by claiming success in raising paddy prices while keeping milled prices low for the consumer, which they say they achieved through their own private marketing scheme.

Industry

The link between agriculture and industry is through agroindustry and almost all of the parties attach importance to this. Many also stress export industries.

The Democrats say they want to stimulate small, medium and export industries and that they will increase the budget for the development of science and technology.

The Community Action Party singles out the construction industry as a prime mover for the economy. It plans to set up a housing credit scheme involving small instalment repayments which will then be used as a revolving fund for further credit. The party says it has a target to construct more than 300,000 units of housing in the first year which will create jobs for more than 20,000 people per year.

The Social Action Party, too, mentions the construction industry, along with other labour-intensive industries. Chat Thai speaks of primary industries and labour-intensive industries, and the use of domestic resources.

None of the parties is specifically opposed to the Eastern Seaboard development programme. If they mention it, such as the Democrats and the Social

Action Party, they tend to be in favour. These two cover themselves with cautious statements about postponing projects that can be postponed although they are both committed to the Laem Chabang port.

Monetary and Fiscal Policies

This is where the government has come in for some of the most bitter criticism from politicians, even from some of the coalition members. Finance Minister Sommai Huntrakun has been criticzed by most--from the Social Action Party to the Progressive--for his cautious policies, including restraints on government spending, the credit squeeze of 1984 and the baht devaluation.

The Democrats probably have the policy closest to the present government's, although they too would like to increasesome spending. They say the government's budget should not continue to show cuts in investment or capital spending, but they advocate more effective tax collection and continued caution in foreign borrowing. They plan to halve the government's budget deficit in four years. They also advocate interest rate cuts.

The Community Action Party has a number of construction and development schemes which involve government expenditure. They aim to mobilize more credit, and to reschedule the government's debt in order to reduce the debt servicing burden. They advocate concentratingon direct taxes.

The Social Action Party wants to abolish taxes on dividends and to reform the tax system, the latter point being taken up by other parties as well, such as the United Democracy Party, the Rasadon Party and the Progressives.

Ruam Thai wants to direct credit towards farmers, as do the Liberals who want to decentralize budgeting to the regions leaving 30 percent to be centrally allocated for defence and foreign policy.

That Thai say they will prevent the baht from fluctuating excessively and reform tax and government spending.

Labour

The Democrats probably have the most comprehensive labour policy since it covers both job creation and the support of trade unions. They are also proposing a social security scheme.

The Community Action Party has a six-month target for cutting unemployment, while the Social Action Party tacks on to its policy of job creation through the stimulation of the economy, the effective export of labour.

Ratsadon advocates a national manpower plan to synchronize labour supply and demand, and the liberals propose a reformed minimum wage system based on hourly rates and paid forthnightly. They want to increase the working week from 40 hours to 48 hours.

Others

The Democrats, CAP, SAP, Progressives and Muan Chon all attach importance to the development of tourism, although there is very little controversial in anything they say. The Democrats advocate a plan for the conservation of historic monuments and other similar sites.

The Democrats and the Liberals are in favour of privatization of state enterprises, although the Democrats' spokesmen on labour affairs have been at pains to point out that they would not let workers suffer as a result of privatization.

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CSO: 4200/1246

NEW FORCE CHIEF DISCUSSES 'LEFTIST' IMAGE, ECONOMICS

Bangkok SIAM RAT in Thai 18 Jun 86 p 2

[Interview with Dr Prasan Tangchai, the leader of the New Force Party; date and place not specified]

[Text] [Question] What problems has the New Force Party encountered in fielding candidates?

[Answer] We have encountered many problems, including the two election laws, the dissolution of parliament, and the limited amount of time available. These three things have made it difficult for us to field the required number of candidates. It requires a huge amount of money to field the 174 candidates required by law. Our party stands by its ideals and has constructive ideas in working for the country. But the party is not wealthy. We are a small party and so we don't have enough money to do things in stages.

We would like to protest against this constitution because it gives the advantage to the bigger parties. The people don't have a chance to vote for parties that have different ideas and policies. Four or five parties have had to disband.

[Question] When it was first founded, the New Force Party was very well known. Do those who founded the party still support the party?

[Answer] Thirteen years ago, the people had great awareness following the administrative change in 1974. Thus, we were able to carry on political activities with great success. Our party grew very quickly. As a result, other parties that were afraid that their interests would be affected used smear tactics against us. They accused us of being communists. This confused the people, who began to view us as leftists. But that was not the case at all.

[Question] What was done to correct this image?

[Answer] We were beseiged in order to prevent us from expanding and posing a political threat. We were not able to correct this image in time and so the party's fortunes gradually declined. Some people became discouraged, but we did not lose heart. None of our members ever fled into the jungle to take up arms. We have struggled using proper methods in accord with the country's laws and our wonderful customs and traditions. The people will understand.

All those who founded the party are still members of the party. These people still hold to the ideals. Although some may have become discouraged, several have served as ministers, as advisors to the government, and as senior administrators in banking circles. Recently, we asked for help and received money from members, even if the amount was rather small. The party has to find a large sum of money in a short period of time. We have asked for donations, and people sympathetic to us have made donations.

This is just the first round. There are eight to go. I would like to ask those people who love justice and democracy to give us their support in order to help bring about a perfect democracy. If the people are sympathetic and have confidence in us, they can donate 5 or 10 baht. That would be fine. They can contact the party or any party member.

[Question] Why did some members leave the party?

[Answer] Very few have left the party. Some have felt that we are not prepared, and some have personal problems. We advised them to go join some other party with similar ideals. The fact that they have left the party does not mean that their ideas or ideals have changed. We will probably have a chance to work together again some day even though we belong to different parties.

[Question] In brief, what is the party's economic policy?

[Answer] An important problem confronting people throughout the country is the problem of making a living. In particular, the farmers, who comprise 70 percent of the population, are facing great difficulties. Urgent action must be taken to eliminate the debt. At the same time, farmland must be provided, and yields must be increased using technology. Besides this, the government, in cooperation with the cooperatives, should establish centers to help the farmers concerning tools and communications and to build barns. This doesn't have to be expensive.

At present, the middlemen enjoy the advantage in making purchases. The government isn't doing the right thing. There should be a central government unit to make purchases and forge links with the farmers. As for the unemployment problem, this requires both short-term and long-term solutions. In the short-term, jobs must be created in their native areas. The government could cooperate with international organizations. Wages might not be very high. Data on the number of unemployed must be obtained in order to find jobs for these people as quickly as possible. Intellectuals could pass on their skills and knowledge and help develop the locality. In the long-term, a national education plan must be formulated. Thought must be given to what the economy will be like in 3 years. The local economic councils should submit data so that education plans can be formulated in accord with the increase in the population. It must be realized that an increase in the population will lead to social changes.

Besides this, in crop cultivation, the government should formulate plans stipulating what crops are to be grown in which areas based on market demand. The government must assure the farmers that they will be able to sell their crops if they grow the crops stipulated. On the labor front, more laborers should be dispersed to the provinces. Many of the labor laws are unfair. Studies should be done to find ways to solve this problem. When growth is dispersed to the provinces, fewer people will migrate to the cities. Laborers will earn higher wages. Labor-intensive industries should be promoted.

[Question] During the filing period, there were rumors that the party would not be able to field the required number of candidates.

[Answer] We had problems during that period. That's true. Those rumors were spread by certain members. But we denied that and said that we would make a stand. And today, we are doing just that.

[Question] There have been rumors about uniting with another party. Is there any truth to this rumor?

[Answer] It's true that we talked with the Progressive Party and the Social Democracy Party. But the time is too short and so we have not able to work together.

If we have people in parliament, we may join with other parties whose line is similar to ours. This will be studied very carefully. This will be discussed in order to stipulate work forms. Time will tell what lines can be used if we are to be able to work together.

[Question] How many seats do you expect to win this time?

[Answer] About 10. If more money comes in soon, we should be able to win even more seats than that. Our financial situation and the limited amount of time have hurt us. The party wants to assure people that it will fulfill its promises. If we don't we will resign. Whether we win depends on the people's confidence in us.

[Question] Most of the party's candidates are new faces. How much hope can be placed in them?

[Answer] The New Force Party is constantly trying to move forward. Young people have joined to carry on political activities and further our aims. There are both young people and old people in society. Thus, parliament should be composed of both older and newer members who have creative ideas and who are courageous and willing to make sacrifices. We need good people who can lead the country.

[Question] The party was founded a long time ago. But how much interest do the people have in the party?

[Answer] The people haven't forgotten us. We have been quiet for a long time because we haven't had any members in parliament since 1983. But even so, the people haven't forgotten that we fought for democracy and held to our ideals. Today, we have a good reputation, and the people have confidence in us.

[Question] When will you start making speeches?

[Answer] That is a matter of planning. That may have to wait. It may be another week or so before our campaign gets underway in Bangkok. We are waiting to see what our budget is. Right now we are down to our last baht.

[Question] What are the party's plans after the election?

[Answer] The New Force Party does not have any seats in parliament. But the party has worked constantly for 13 years now. Party branches have been established in order to work for the people. We have established New Force enterprises to carry on activities similar to those of savings cooperatives. These are located in various places, such as in Roi Et, Chiang Mai, Chiang Rai, Nakhon Sithammarat, and Khon Kaen provinces. These enterprises function like cooperatives and sell goods at low prices. The people can own shares. Dividends are paid at the end of each month. The people benefit from this. We have worked constantly even though things have been done slowly because of the lack of equipment and personnel.

In some places, such as in one village with a population of approximately 500 people, the people have said that if the New Force Party does not field candidates, they won't vote for anyone. We have told them that we will run in accord with the democratic system. In other spheres, people have been allowed to work land provided by the party. The cooperatives, which are branches of the party, purchase their produce. No other party is engaged in such activities. We are not jealous if someone else wants to use this idea, because this benefits the people. Democracy does not depend on political administration but on the way of life in society.

[Question] How many former MPs are members of the party?

[Answer] About three or four. Most of our members are young. There are a few older people who have much prestige. The provinces where we feel very confident include constituency 2 in Nong Khai, Roi Et, constituencies 1 and 2 in Udon Thani, and constituency 4 in Khon Kaen in the northeast. In the north, there is Chiang Rai and Phayao. In the central region, we are strong in Lopburi. In the south, there is Surat Thani, Phuket, and Nakhon Sithammarat.

[Question] What do you think about the election law?

[Answer] This is a good law for developed countries. But the fact is, this is impossible to implement at this time. If we are elected to parliament, we will try to have this changed. It would be good if people could run as independents. This needs the support of at least 10 senators and of representatives of professional groups.

Besides this, it isn't necessary that candidates be highly educated. It's enough if they can read and write. Even though such people may not be highly educated, they may have a wealth of experience. I know this because I have met and talked with such people.

11943
CSO: 4207/262

PRASONG ON PLANS TO CLOSE CAMBODIAN REFUGEE CAMP

Closing Reaffirmed

BK110735 Bangkok BANGKOK WORLD in English 11 Jul 86 p 1

[Text] Thailand will transfer to border camps displaced Kampucheans now at Khao I-Dang who are not accepted by third countries by the end of this year, National Security Council [NSC] Secretary General Prasong Sunsiri said this morning.

Addressing the annual conference on Indochinese displaced persons at the Naari Hotel, Squadron Leader Prasong reaffirmed plans to close by that date the United Nations-run holding centre at Khao I-Dang.

He deplored what he called an "insignificant and slow" movement of refugees for resttlement abroad and made clear that displaced Kampucheans who are turned down by their countries would await in border camps the return to their homeland "when the situation there permits. [No closing quotation]

The NSC chief was addressing a conference that convened representatives from the UN, international voluntary agencies, resettlement countries and concerned government officials.

Sqn Ldr Prasong noted that an estimated 17,700 displaced Kampucheans now at Khao I-Dang were "least likely" to be accepted for resettlement by third countries due to lack of qualifications "or to their being abhorred for whatever reason."

The total population of Khao I-Dang is placed at 25,000, of whom about 18,000 have been registered as eligible for resettlement.

The NSC announced plans to close Khao I-Dang last June 13 Following a meeting with representatives of main resettlement countries during which he expressed deep concern over the drop in their intakes of displaced Indochinese from camps in Thailand.

Sqn Ldr Prasong said the closure of Khao I-Dang and transfer of all remaining Kampucheans to border camps was also prompted by a need to deal with the problem of illegal entries into the UN holding center.

Various "difficulties" had arisen from this problem caused by an "understanding" among refugees at the border that entry into Khao I-Dang meant a chance for resettlement, he added.

At the same time, he pointed out that the influx of Indochinese refugees had continued "without let up" and that the total population in camps at the end of last year was 130,413, against 128,439 in 1984.

NATION: Best Solution

BK120215 Bangkok THE NATION in English 12 Jul 86 p 4

[Editoria: "Move To Close Khao I-Dang Is Only Recourse"]

[Text] The closure of the Kampuchean refugee camp at Khao I-Dang, run by the United Nations, has been debated for a long time and we sincerely hope that what National Security Council Secretary General Prasong Sunsiri said yesterday is the last word on it. He reaffirmed the plans to close that camp by the end of the year and to move those refugees who have not been taken by third countries to border camps.

It is common knowledge that "compassion fatigue" set in quite a few years ago among countries like the U.S., France, and Australia who have been taking refugees. There are about 25,000 Kampuchean refugees in Khao I-Dang and, according to Prason, 17,700 of them are least likely to be accepted by third countries for various reason. These, he said, would be moved to border camps awaiting resettlement in their own countries at the appropriate time.

The refugees in Thailand are completely different from those in other countries. The Afghan refugees in Pakistan and Iran want to return to their countries and do not want to go to a third country. It is the same with Ethiopian and Uganda refugees in Sudan. But refugees in Thailand are unwilling to return to their own countries.

The trouble with the Khao I-Dang refugee camp is that it is widely thought of in refugee circles as the one to enter if there is to be settlement in a third country. This, Prason says, has caused various difficulties, the main one being that there are numerous illegal entries into the UN holding center. This is a totally erroneous idea because Khao I-Dang residence does not insure resettlement in a third country.

Perhaps the closing down of this camp is not an ideal situation but, unfortunately, there can be no ideal solution to any refugee problem. The solution that has been devised is the best of a bad bargain. There is the possibility of Vietnamese troops making cross-border raids against the refugees but if the last dry season is any indication, the possibility is remote.

Prasong Bars Amnesty International

BK120203 Bangkok BANGKOK POST in English 12 Jul 86 p 1

[Text] Two Thai Amnesty International workers may be arrested and the representatives of the human rights organisations will be barred from entering the Khao I-Dang holding centre, National Security Council chief Prasong Sunsiri said yesterday.

Speaking at the annual conference on Indochinese refugees, Squadron Leader Prasong denied charges by Amnesty International that Thai military officers tortured three Kampuchean refugees arrested on robbery charges in March.

He questioned the credibility of the two Thai Amnesty workers, saying they were captured during the bloody riot on October 6, 1976, subsequently released and then joined the Communist Party of Thailand.

After the granting of amnesty for communist defectors as pronounced in Order No 66/23, the two Amnesty workers returned to the town but did not report to government authorities, said Sqn Ldr Prasong.

The NSC secretary-general did not identify the Amnesty workers but said they still maintain contacts with the communists. "We know who they are," he said. "I think I will ask the police to get them."

Amnesty International claims it has evidence that the three Kampucheans were tortured with a hot iron and burning firewood while held in military custody at Khao I-Dang.

"I don't think the allegations are true. I don't know who is right or who is wrong. After they were captured we did not treat them like 'are you tired son, are you hungry?'" said the NSC chief.

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CSO: 4200/1246

PRASONG SAYS CPT WORKERS IN HUMAN RIGHTS GROUPS

'Infiltrated by Communists'

BK140135 Bangkok BANGKOK POST in English 14 Jul 86 p 3

[Text] Several human rights organisations operating in Thailand have been infiltrated and manipulated by Communists, National Security Council [NSC] chief Sqn-Ldr Prasong Sunsiri alleged yesterday.

Sqn-Ldr Prasong said he had ordered an investigation to determine the number of former Communist Party of Thailand [CPT] members working with such organisations.

The NSC chief's remarks came after the Group Convenor of Amnesty International-Thailand, Santi Itsarowutthakun, said local members had not provided the London-based organisation with material accusing Thai security officials of torturing three Khmers.

Task Force 80 officials have been accused of torturing three Khmers in Khao I-Dang holding centre in late March.

Sqn-Ldr Prasong said on Firday that he may order police to arrest two "workers" of Amnesty International, whom he accused of being Communists who had left the jungle but had not informed police.

The NSC chief said yesterday that even members of human rights organisations in Thailand did not really know who they were dealing with.

People should be careful when dealing with such organisations, he said.

Sqn-Ldr Prasong said he did not say that the two Thai Amnesty "workers," whom he identified as a husband and wife, were the ones providing information to the international organisation.

He said, however, that the government's policy is to welcome CPT defectors who now wanted to resume a normal life in the cities.

The law requires, however, that these Communists inform police that they want to resume life in the city.

Sqn-Ldr Prasong said the two Thais involved with Amnesty International had not informed police that they wanted to return.

Whatever they do, he said, they should remember that they are violating the law.

They should ask themselves whether their action in discrediting the government is proper, Sqn-Ldr Prasong added.

The NSC chief said Amnesty knows who is giving them information and that the press should contact Steve Header, who has been in contact with the government over the torture allegations.

Mr Santi said on Saturday that because of the way Amnesty International is structured, local members in Thailand, of whom they are about 30, could not lobby or become involved in human rights issues concerning Thailand.

The role of Thai members, he said, is only to respond to calls by London to write letters to other countries urging action where human rights violations occur.

Mr Santi said the organisation's research section is in charge of investigating human rights violations.

This section, he said, had its own sources in each particular country and did not contact local members.

The reason for this setup, Mr Santi said, is to maintain the neutrality of local members in their particular country.

BANGKOK POST: On Credibility

BK170130 Bangkok BANGKOK POST in English 17 Jul 86 p 1

[Editorial: "Amnesty and the Credibility Gap"]

[Text] Amnesty International does have fine ideals to defend human rights around the world but its practices and methods often defeat its objectives. It is possible that Amnesty has contributed to the freedom of certain deserving political prisoners in countries run by dictators.

However, the accusation by Amnesty about Thai soldiers "torturing" three refugees when these persons were actually criminals pillaging real refugees under the protection of these soldiers makes the motives of the people who run Amnesty questionable. The allegation was denied by the Secretary-General of the National Security Council, Squadron Leader Prasong Sunsiri, after investigation proved Amnesty wrong but Amnesty still came out with what it described as "confirmation" of its charge.

The strange point is that Amnesty failed to notice or, rather, chose to ignore the fact that the same soldiers accused of "torturing" these three had been taking good care of the tens of thousands of refugees who have flocked to the border areas. Nor has Amnesty taken up with the Vietnamese Government the matter of the violation by the Hanoi leadership of the human rights of its own citizens--the reason for their exodus by land to seek safety under the hospitable Thai umbrella and by sea where efforts have been successfully made to save them from pirates in Thai territorial waters.

This kind of humanitarianism is unique in a world where selfish national interests obstruct the resettlement of these refugees who cannot be fed and supported by Thailand with its limited resources for lengthy periods of time. Despite all this evidence of the Thai Government's respect for human rights--not only for its own people but also for those of other peoples, like the Vietnamese, the Khmers and the Laotians, Amnesty chose to make an issue of the case of three Kampucheans who had robbed and wounded their own compatriots.

The suspicion that Amnesty has been infiltrated by communists has been caused mainly by the observation that it has hardly done anything about the blatant acts against human rights by the communist regimes in the Indochina states and that it seems to concentrate on accusations against anti-communist governments. It has been noted by Thai officials that whenever the representative from the Amnesty head office in London visits Thailand he talks to communist suspects like people who have come out of the jungle where they had been operating with the communist insurgents but declined to report themselves to the authorities.

Thai officials who have been watching the activities of Amnesty representatives note that these representatives fail to hold discussions with responsible authorities and other sources to arrive at objective conclusions before making their allegations. Amnesty will find that it serve to improve its image and credibility if it conducts its investigations with objectivity--and also takes up the very serious problem of violations of human rights in the Indochina states. These states have not only restricted the rights and freedoms of their own citizens but also encroached upon the rights, lives and property of Thai citizens by incursions across the border, the shooting of artillery into Thai soil and the laying of land mines.

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CSO: 4200/1246

MINISTER ON RESCUING AILING FINANCE COMPANIES

BK150149 Bangkok BANGKOK POST in English 15 Jul 86 p 3

[Text] The Finance Ministry and the Bank of Thailand yesterday agreed to support 14 finance companies whose financial status are listed as in critical condition and to continue helping 11 companies in less serious trouble.

The decision to help the 25 finance companies which joined the Government's Lifeboat Scheme two years ago was reached at a meeting of the Supervision Committee on the Lifeboat Scheme chaired by the deputy director of the ministry's Fiscal Policy Office Niphat Phukkanasut.

Emerging from the meeting yesterday, Finance Minister Sommai Huntrakun said the delay in the support for the companies under the scheme was due mainly to the time it took to study their problems on a case by case basis.

But according to the conclusion of the study, Mr Sommai said 11 companies are self-sufficient if they are supported by the government with soft loans and increased registered capital and that they could restore their financial positions within five years.

However, the 14 financial companies listed as in critical condition must be specially taken care of by the government. But this would have to be decided by the next government, he said.

Mr Sommai said the earlier fixed increased registered capital of 2,400 million baht and another 6,400 million baht soft loan would be sufficient to shore up their financial position.

Meanwhile, a Finance Ministry source told the POST that in principle the government should not interfere in the execution of the finance companies but should allow them to operate independently.

However, for the time being after the supervision, some companies are making profits and others losses, the source said.

The losses were mainly due to too many non-performing assets amounting to between 60 and 70 percent ot total assets of 18,000 million baht, he said.

The source said this was caused by three factors which are over-evaluation of assets, accumulated interest and high off-record debts.

He said the government had set up a center asking all ailing finance companies to propose clear-cut management plans to solve their own problems for consideration.

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THAILAND

CENTRAL BANK SAID WARY IN RESCUING AILING BANKS

BK140255 Bangkok THE NATION in English 14 Jul 86 p 17

[Article by Wachira C. Santikun]

[Excerpt] The Bank of Thailand is wary about possible impact on the financial system after it introduced measures to rescue two ailing commercial banks by providing funds for capital increase and soft loans to partly write off their bad debts. The move was inevitably increased money supply in the market which is already experiencing excess liquidity problems.

The measures were also inevitable for the monetary authorities to shore up the position of Sayam Bank Ltd and First Bangkok City Bank Ltd. A huge sum would be needed for rescuing 24 ailing finance and credit finance companies. The rescue involves billions of baht.

The money market is facing excess liquidity after a brief tight situation early this month when there was a higher demand for funds. But the excess liquidity has returned with a surplus of 3,000-3,600 million baht in the repurchase market.

Director of the central bank's Banking Department Wichit Suphinit admitted that the liquidity is very high in the market but the Bank of Thailand is still capable of absorbing the excess liquidity during the next two months up to 13-14 billion baht.

He pointed out that despite the excess liquidity, the country's financial and monetary system remains stable.

The central bank has undertaken a series of measures to rescue Sayam Bank Ltd once privately-owned and called Asia Trust Bank. The measures included an injection of 500 million baht for capital increase, a soft loan of 1,900 million baht and the latest action was an absorption of 1,500 million baht of bad debts through supply of fresh funds.

The crisis engulfing the First Bangkok City Bank Ltd led to a capital reduction from 1,365 million baht to only 68.25 million baht to partly wipe out bad debts which amounted to 2,790.8 million baht as uncovered so far.

The bank needs to boost its capital by 2,[illegible]00 million baht with 500 million baht from the Fund for Rehabilitation and Development of Financial Institutions. It has earmarked a soft loan of between 3,300-3,800 million baht.

Central bank officials feel the need to review the measures as they are cautious about further increase in money supply and excess liquidity.

Well-informed sources said that the injection of funds for capital increase will have immediate impact but adverse effects from the provision of soft loans would be late. Another point feared by the banking and financial community is that the magnitude of this problem might lead to further reduction of interest rates when the excess liquidity becomes more formidable.

"The central bank will closely monitor the situation to prevent a possible chain impact on other commercial banks," said the sources.

Wichit, however, explained that the current money supply situation is not worrisom though with the injection of funds from the Bank of Thailand into the financial system. This is because lending by commercial banks is lower than deposits they have mobilized by half.

Commercial banks have not been able to achieve a high growth in lending due to the slow recovery in domestic investment and public consumption. Another reason is that commercial banks are waiting for the formation of a new government after the general election scheduled July 27.

Sources said the government is likely to set a clear policy to stimulate the economy. Despite the lower interest rates and oil prices, they were not sufficient as economic recovery also depends on external factors such as export earnings.

The country's export performance in the first half of this year showed a growth of 14-15 percent in baht terms but in dollar terms, the growth marked a hefty 17 percent rise. Other factors include the ability of the country to spend less on oil imports. The overall trade situation has improved much while it is believed that the country's current account deficit would be less than 20,000 million baht this year.

"We cannot expect any more windfall benefits from lower oil prices which have somewhat stabilized. What we can hope for is the contribution from exports," said Wichit.

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CSO: 4200/1246

BANKER ON CURRENT ACCOUNT SURPLUS, DEFICIT

BK170355 Bangkok BANGKOK POST in English 17 Jul 86 p 13

[Excerpt] The country's current account in the first half of this year is expected to be 4,000 million baht in surplus, the first in 20 years, a leading banker-cum-economist said yesterday.

Speaking on "Factors in Stimulating the Thai Economy in 1986" during the seminar on "Mid-Year Economic Review" organised by the Association of Thai Industries at the Asia Hotel, Siam Commercial Bank Senior Executive Vice President Dr Olan Chaiprawat said the current account surplus will be due to the depreciation of the U.S. dollar and the lower oil prices in the world market.

"The surplus is very favourable, especially when compared to the deficit of 24,768 million baht in the same period of last year," he said.

But he forecast that the current account would suffer a deficit of 6,000 million baht in the second half, resulting in a 2,000-million-baht for the whole of 1987, down sharply from last year's deficit of 30,671 million baht.

"The projected deficit in the second half of the year will result from the higher import of non-oil products. The increasing rate of non-oil product imports has been lowered from 13 percent in the first half of last year to 2.4 percent, 2.3 percent and 1.2 percent in the next three quarters.

"But the recovery in the economy will cause imports to rise again in the second half of this year," he said.

Dr Olan said that there were three external factors that benefited the Thai economy. They are the depreciation of the greenback by 30 percent when compared to Japanese yen, 20 percent when compared to the deutschmark and 5 percent against the pound sterling; the reduction of oil prices from U.S.$28 to $12 a barrel; and the drop in the interest rate by about 1-2 percent the past six months from 8-9 percent per annum to about 6-7 percent a year.

He said as a result of the external factors, the Thai economy had gained at least two benefits.

The first one is that the income earned from export and service was higher than expected.

Dr Olan said that it was earlier predicted that the growth rate in incomes from export would be about 6-7 percent this year, but that in the first half of this year, the actual growth rate was 11 percent in term of the baht and 15 percent in term of the dollar.

The second benefit was that the Thai Government had adjusted its fiscal and monetary policies to be in line with the global change, he said.

"The new policies, including the reduction in local interest rate and local oil prices, and the income tax adjustment, have helped stimulate the country's economy," he said.

He also said that the general election on July 27, in which more than 3,000 candidates are running, would greatly stimulate the Thai economy.

In the first half of this year, income from exports and services amounted to 154,000 million baht--an increase of 15,500 million baht or 11.4 percent in term of the baht and 15.4 percent in term of the dollar.

"Let's say in other words, the value of export in the first six months of this year was higher by 2,500 million baht a month than the same period of last year," he said.

Regarding the prices, he said that the price slump of agricultural and mining products had still not recovered. Prices of rice, rubber, maize, tin and sugar have dropped by 24 percent, 6 percent, 24 percent, 41 percent and 16 percent, respectively.

However, the bigger export volume had helped boost income.

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CSO: 4200/1246

SITTHI TO PERSUADE INDONESIA TO BUY RICE

BK150139 Bangkok BANGKOK POST in English 15 Jul 86 pp 1, 3

[Text] Foreign Minister Sitthi Sawetsila yesterday promised that if he remains in office after July 27, he would try to persuade Indonesia to buy at least 500,000 tons of Thai rice.

In an interview with the BANGKOK POST, ACM [Air Chief Marshal] Sitthi said he agreed to the undertaking after meeting members of the Thai Rice Exporters Association yesterday.

ACM Sitthi said the exporters had told him that Indonesia is expected to face a production shortage of about one million tons next year because of bad harvest is expected this year.

"They asked me if I could speak to Indonesian officials about buying rice from Thailand," the deputy premier said. He "promised" to do so if he was returned to the same post after the general election.

"I told them that this should not be a problem because we will be holding an ASEAN summit in July next year where we hope to have better economic cooperation and easier market access," ACM Sitthi said.

"I promised (if he returns as foreign minister) them that I would speak with (Indonesian Foreign Minister) Mokhtar and (President) Suharto about the one million tons.

"I will try to urge them to buy at least 500,000 tons."

An Indonesian Government official said on Wednesday that the country would produce less rice because a drought had led to a decline in the area of rice planted.

Junior Minister for Food Planting Wardoyo said the planted area had declined from 1.46 million hectares last year tol.26 million hectares.

Indonesia produced 26.5 million tons of rice last year.

The minister said Indonesia still had about 2.6 million tons, which was enough to remain self-sufficient.

Although he promised to try and convince the Indonesians to buy Thai rice, ACM Sitthi also urged the exporters not to compete and slash their prices in order to obtain markets.

He said Thailand had been able to seal several rice deals with countries such as Iran and Brazil and needed to export more rice.

In yesterday's interview ACM Sitthi also spoke of the Social Action Party's [SAP] hopes for election.

With less than two weeks to go, the SAP party leajer said he is satisfied with the overall campaign coordination with the aprty and its candidates.

Although he admitted that the SAP is still behind the Democrat Party led by Phichai Rattakun as far as popularity is concerned, he said the SAP's popularity has increased.

"We have made our surveys and I think we are better now than when we started," he said.

He said the SAP's popularity had increased in Bangkok from 19 percent to about 23 percent.

"The Democrats are leading us but not by much," the SAP leader said, claiming that Democrat popularity had increased by three percent compared to the SAP's 4.5 percent.

ACM Sitthi said that with less than two weeks to go before polling day, about 30 percent of the voters have yet to decide who to support.

The deputy premier expressed confidence that in Constituency 2, where he faces the Democrat team led by Health Minister Marut Bunnak, his team could win two seats.

"One can't really say what will happen in the next 10 days but at present we are doing fairly well in other constituencies as well," said ACM Sitthi, who says he has lost seven kilos since he started campaigning.

A conservative estimate by the party says that it will win three seats in Bangkok, but ACM Sitthi says he expectes the number to be around six to nine.

In the North the SAP hoped to gain eight seats at the start of the campaign, but now thinks it can gain 10 seats.

ACM Sitthi said that in the Central Plains, the party hopes to gain 13 seats, but this figure depends on how the party fares in Bangkok.

The party hopes to make its strongest showing in the Northeast, where ACM Sitthi quoted party estimates as predicting a gain of 30 seats.

ACM Sitthi said that at this stage the party thinks it will win five seats in the South, a slight increase from initial estimates of just two seats.

Overall, the party estimates it will win at least 61 seats nationwide, but ACM Sitthie said he is more confident and expects to gain more than 70 seats in the next parliament.

Asked if he would campaign in the provinces before election day, ACM Sitthi said: "At this time I have only been upcountry once. There are now calls for me to go North. But if I go North, then I also have to go South, to the Northeast and the Central Plains.

"But I don't have the time because even during the campaign I am tied up with government work," he said.

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CSO: 4200/1246

RICE EXPORT EARNINGS DROP IN FIRST HALF OF 1986

BK170155 Bangkok BANGKOK POST in English 17 Jul 86 p 17

[Text] Thailand's income from rice--the largest foreign exchange earner in the first half of this year dropped considerably by 1,912.6 million baht or about 14.33 percent, despite the fact that the cereal exported has increased by 271,584.45 tons or 11.70 percent compared to that of the same period last year.

Thailand exported a total of 2,592,023.07 tons of rice worth 11,426.9 million baht in the January-June period this year against 2,320,438.62 tons worth 13,339.5 million baht of the same period last year.

The sharp drop in income was due mainly to the declining price of the cereal in world market which has resulted in a sharper drop in export price of Thai rice in the period under review to an average of 4,409 baht per ton, down 1,340 baht or 23.30 percent over the same period of last year's average of 5,749 baht per ton.

According to a report of the chairman of the Board of Trade's Rice Committee, Mr Sman Ophatwong, the other reason for the sharp reduction in earning was that the amount of medium grade and broken rice exported in the January-June period this year was greater than that of the same period last year, of which more high grades rice were exported.

Mr Sman noted that a total of 540,855.67 tons of 100 percent grade white rice and 19,267 tons of cargo rice were exported in the January-June period this year against 702,345.76 tons and 67,601.84 tons, respectively shipped out in the same period last year.

The 100 percent grade white rice and cargo rice are high-grade cereal.

European and Middle East buyers of Thai rice turned to buy more rice from the United States this year as American exporters have been selling their rice at a cheaper price than in the past, aided by the Farm Act.

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CSO: 4200/1246

BRIEFS

LAO, CAMBODIAN REFUGEE RELOCATION--Nong Khai--More than 300 Laotian people who have illegally entered this northeastern province since June 7 will be moved to a new site this week. Governor Sakda O-phong said the Laotians would be moved to the Karunyathep Detention Centre in Non Sawan Village in the town district. The relocation would make it easier to control them, he said. The Laotians have entered Nong Khai on different occasions and are detained at police stations at places where they arrived. Governor Sakda also said that the Laotians would be given a daily food allowance of 10 baht a day each while awaiting repatriation or other screening procedures under the United Nations High Commissioner for Refugees programme. Meanwhile, a relief source said that the Khao LanKhmer Refugee Camp in Trat Province was closed this week and about 150 Kampucheans were moved to Khao I-Dang camp in Ta Phraya District of Prachin Buri Province. Other smaller refugee camps will also be closed in the near future, the source said. [Text] [Bangkok BANGKOK WORLD in English 9 Jul 86 p 3 BK] /6662

JENKINS BILL 'IMPACT'--The U.S. Thermond-Jenkins Bill, which will be considered by the U.S. Congress on August 6, is likely to have less impact on Thailand's textile exports, because of the success in negotiations between U.S. and Hong Kong, Oranut Osathanon, director-general of the Foreign Trade Department, said yesterday. Mrs Oranut said that the U.S. representatives recently held talks with Hong Kong representatives on the export of textiles to the U.S., and both sides ended their meeting with a "pleasurable conclusion." The U.S. and Hong Kong, she said, decided to have a bilateral textile trade agreement, which should soften the trade problem between the two countries. She said further that the U.S. is going to negotiate with South Korea and Taiwan, which are both major textile exporters, within this week. However, Mrs Oranut warned that although the U.S. may have been successful in negotiations with those three major exporting countries, Thailand needs to watch the Multi-Fiber Arrangement (MFA) meeting in Geneva during July 21-24. The U.S., she said, has to change as many items as possible from non-quota to quota control, because it thinks that the export of non-quota items to the U.S. has increased too rapidly in recent years. [Text] [Bangkok BANGKOK POST in English 10 Jul 86 p 13 BK] /6662

ARRESTED UDP CANDIDATE 'CLAIMS'--Chiang Mai--Police arrested a United Democratic Party candidate here last night on charges of encouraging officials to engage in corruption. Mr Sayom Rammasut was arrested as he disembarked from a plane on his arrival in the North from Bangkok at 9 p.m. He was taken to the provincial special police suppression centre near the airport where he was told about the charge mentioned in an arrest warrant issued by CSD police in Bangkok. Mr Sayom was arrested a day after another UDP candidate was detained in Sakon Nakhon Province on a fraud charge. He said the police action against him was an attempt by the government to subvert his party in the general election. He said the government was taking action against several UDP candidates to gain revenge on the party whose members played a major role in defeating a government bill in parliament in May which led to the dissolution of the house. Insisting on his innocence, Mr Sayom said he would request bail so he could continue his election campaign. Mr Sayom has been accused by the CSD of having collaborated with people in the Marketing Organisation for Farmers in swindling 3.8 million baht granted by the agency to boost the price of soybeans in 1984. [Text] [Bangkok BANGKOK POST in English 18 Jul 86 p 1 BK] /6662

EC AID TO REFUGEES--The European Community has granted 34 million baht in aid for Khmer refugees along the Thai border, the EC announced yesterday. The aid will be administered by the United Nations Border Relief Organisation and will be used to improve water supplies as well as the supply of fruit, vegetables and small livestock in Khmer camps. Dr Endymion Wilkinson, charge d'affairs of the EC delegation said the 34 million baht grant would in part go directly to Khmer people like the Khmer Women's Association in the camps who have been trying to improve living conditions and morale through activities like weaving and sewing and production of fruit and vegetables. [Text] [Bangkok BANGKOK POST in English 16 Jul 86 p 3 BK] /6662

ANTIPIRACY PROGRAM EXTENDED--Songkhla--The government yesterday officially extended the anti-piracy programme for another year in an out-door ceremony at the navy station of this southern province. The programme, which is in its fifth-year stage, will receive a total of U.S.$2,573,387 (about 66.8 million baht) this year from the United Nations High Commissioner for Refugees (UNHCR). The government has already been provided the first lot of $1.5 million. [Excerpt] [Bangkok THE NATION in English 16 Jul 86 p 1 BK] /6662

GOVERNMENT RECEIPTS, EXPENDITURE--The government's receipts during the first nine months of fiscal 1986, beginning last October, amounted to 153,674.2 million baht while the expenditure was 129,245.7 million baht. The receipts, however, included 118,201.9 million baht of revenue and 35,472.3 million baht in loans. The revenue accounted for 76.6 percent of the target set for the fiscal year. The revenue, however, was higher than the amount in the same period of last year by 1,401.2 million baht or 1.2 percent. The expenditure included 121,901.3 million baht for administration and 7,344.4 million baht of debt servicing. It means that the government's net borrowing during the period amounted to 28.127.9 million baht. [Excerpt] [Bangkok THE NATION in English 17 Jul 86 p 21 BK] /6662

BANK RISK ASSETS RECLASSIFIED--The Bank of Thailand yesterday reclassified the risk assets held by commercial banks to be more realistic and, thus, has enabled the banking system to extend additional loans of about 42,000 million baht. Meanwhile, bankers praised the reclassification saying that it would greatly benefit the banking system. Central bank spokeswoman Prapaphim Sakuntaphai said that the reclassification, approved by Finance Minister Sommai Huntrakun, was also aimed at encouraging commercial banks to extend more loans to priority sectors. The new classification, effective as of August 1, will count only 80 percent of the loans extended to priority sectors, except export, as risk assets. At present, all loans to the priority sectors, except export, are counted as risk assets. [Excerpt] [Bangkok BANGKOK POST in English 17 Jul 86 p 11 BK] /6662

OIL SERVICE, SUPPLY INDUSTRY--The marked slowdown in petroleum exploration and development activities in Thailand, partly resulting from the depressed oil prices, has caused big trouble for the country's oil service and supply industry. At least half of the about 50 foreign oil supply/service companies which came to Thailand in the past few years to cash in on the country's mini-boom in oil/gas exploration and production activities have been forced out of service as work available for them is rapidly drying up. A total oil price drop of more than 50 percent since late last year, the biggest ever, caused a record drop in activities, mainly of the country's two largest oil/gas prospectors--Unocal Thailand and Thai Shell Exploration and Production--and other foreign concessionaires who are now reluctant to invest more money in more exploration work. Already 24 of the 47 oil supply/service firms which had worked for Unocal Thailand's vast gas production project in the Gulf of Thailand have recently been driven out of service. [Excerpt] [Bangkok BANGKOK POST in English 15 Jul 86 p 13 BK] /6662

FIFTH BANGKOK-LONDON AIR SERVICE--Thai Airways International Limited has reached an agreement with British Airways for it to operate its fifth air service between Bangkok and London beginning in October this year. Thai International will operate its fifth flight every Tuesday on the Bagnkok-Copenhagen-London route and vice versa. In exchange, British Airways will be allowed to maintain its fifth flight on a permanent basis as of this winter season. [Summary] [Bangkok Domestic Service in English 0000 GMT 14 Jul 86 BK] /6662

UK LOANFOR RUBBER REPLANTATION--A 400 million baht loan has been made by the UK to help finance the rubber tree replanting program. The loan agreement was signed recently between the Thai finance minister and the chairman of the Commonwealth Development Cooperation. The loan is the fourth given by the Commonwealth Development Cooperation to the program, administered by the rubber replanting aid fund office and brings its total contribution to 1,130 million baht. [Excerpts] [Bangkok Domestic Service in English 0000 GMT 14 Jul 86 BK] /6662

DIPLOMATIC TIES WITH COMOROS--The announcement on the establishment of diplomatic relations between the Kingdom of Thailand and the Federal Islamic Republic of Comoros: Being desirous of promoting the existing friendly relations between the Kingdom of Thailand and the Federal Islamic Republic of Comoros, the Government of the Kingdom of Thailand and the Government of the Federal Islamic Republic of Comoros have agreed to establish formal diplomatic relations as from 15 July B.E. 2529 or 1986 and to exchange diplomatic representatives at the ambassadorial level. Signed by General Prem Tinsulanon, prime minister of Thailand, 15 July 1986. [Text] [Bangkok Domestic Service in English 0000 GMT 11 Jul 86 BK] /6662

PRC HUMIC ACID--China agreed yesterday to exchange 408,000 litres of humic acid, which improves soil conditions, for 12,500 tons of Thai rice. The acid is seen as the key to improving agricultural output and restoring large areas of farmland which have been over-utilised. According to a land development department survey, 191 million rai--59.6 percent of Thailand's estimated 320 million rai of farmland--are critically short of organic matter, resulting in low yields of poor-quality crops. Research has found that as little as one litre per rai of humic acid and its derivatives can bring about a substantial improvement in soil quality and cut production costs. [Excerpt] [Bangkok BANGKOK POST in English 11 Jul 86 p 3 BK] /6662

AID AGREEMENT WITH JAPAN--Thai and Japanese aviation authorities have initialed a record of discussion to allow both Thai International and Japan Air Lines to operate one additional direct flight between Bangkok and Tokyo or Osaka. The agreement was signed after Thai and Japanese aviation authorities held talks in Tokyo 9-10 July. [Summary] [Bangkok Domestic Service in English 0000 GMT 16 Jul 86 BK] /6662

FRG TECHNICAL ASSISTANCE--Thailand has received a West German technical assistance worth 157 million baht for five development projects. The assistance is in the forms of experts, equipment, fellowships, and scholarships. This was effected by an exchange of notes between Director General of the Department of Technical and Economic Cooperation Wanchai Sirirat and West German Ambassador Helmut Rueckriegel early this week. The projects include the establishment of a feed laboratory at Chiang Mai University's Faculty of Agriculture, the development of the Faculty of Engineering of the King Mongkut's Institute of Technology, the animal health project in the northeastern region, and the replenishment of the short-term expert fund. [Text] [Bangkok Domestic Service in English 0000 GMT 17 Jul 86 BK] /6662

NEW PERMANENT SECRETARY--Former Secretary-General of the Counter-Corruption Commission Suthi Akatsaroek was yesterday appointed permanent secretary of the Office of the Prime Minister. Suthi will replace Chuchat Pramunphon, who has resigned for health reasons. The resignation will take effect on August 1. A graduate of Thammasat University, Suthi was named deputy permanent secretary of the PM's Office in 1984 after serving as secretary-general of the Counter-Corruption Commission for several years. [Text] [Bangkok BANGKOK WORLD in English 23 Jul 86 p 3 BK] /6662

CAMPAIGN AGAINST CPM IN YALA--Soldiers [number unspecified as heard], including two army officers, were wounded in an operation which began on 12 July to capture jungle camps of the Communist Party of Malaya [CPM] in the southern province of Yala. Deputy Commander of the 4th Army Region Lieutenant General Wisit Atkhumwong said the operation, code-named "Thaksin-2903," was aimed at searching and destroying CPM jungle camps in the areas bordering three districts of Yala--Betong, Than To, and Bannang Sata. About 150 guerrillas of the CPM 12th Regiment were reported to be operating in the said area, while 100 CPM insurgents have their hideouts nearby. According to Lt Gen Wisit, government troops managed to capture two satellite bases of the CPM in the area and seized a large quantity of food supply and two (?wooden boats). [Text] [Bangkok Domestic Service in English 0000 GMT 23 Jul 86 BK] /6662

'HEAVILY-ARMED' PIRATES ARRESTED--Bangkok, Jul 9 (AFP)--Five heavily armed Thais, including two policemen, were arrested Tuesday and charged with piracy on the high sea, a marine police officer here said Wednesday. Police Major Warawut Wongpridie said five M-16 assault rifles, a shotgun and 131 rounds of ammunition had been seized from the suspects' boat near Puket Island, 564 kilometers (338 miles) south of here. Maj Warawut said the arrests had been made after marine police mounted an anti-piracy operation in the area following complaints by fishermen. Piracy in the Gulf of Thailand emerged as a major problem for Vietnamese "boat people" fleeing their country after the communist takeover of South Vietnam in 1975. [Text] [Hong Kong AFP in English 1228 GMT 9 Jul 86 BK] /6662

CSO: 4200/1246

BRIEFS

KHMER ROUGE-SRV 21 JUL CLASH--Aranyaprathet--Fighting broke out inside Kampuchea between Khmer Rouge and Vietnamese forces yesterday, Thai military sources reported. The sources said the 3:00 p.m. flareup occurred when about 250 Khmer Rouge troopers of the 320th Division attacked Vietnamese positions in the Phnum Malai and Phnum Mak Hoen highlands, about five kilometres from the Thai border. The Vietnamese retaliated with artillery fire. No details of the half-hour battle were available. Meanwhile, leaflets believed scattered by Vietnamese intruders were found by several villagers in Ta Phraya District. The leaflets, printed in Thai, demanded Thailand stop providing sanctuary and support to the Khmer resistance forces and call on Thailand to join the Phnom Penh regime in creating a peaceful zone along the Thai-Kampuchean border. A Thai military officer said yesterday the leaflets were insignificant because many of them were previously scattered along the border by the Vietnamese [Text] [Bangkok BANGKOK POST in English 22 Jul 86 p 2 BK] /6662

CSO: 4200/1246

SRV ASSISTS CAMBODIA IN POSTS AND TELECOMMUNICATIONS FIELD

Hanoi NHAN DAN in Vietnamese 23 May 86 pp 2, 4

[Article by Dang Van Than, director, Posts & Telecommunications General Department: Vietnam-Laos-Cambodia Fraternal Solidarity--The Lines of Affection Between Vietnam and Cambodia"]

[Excerpt] In early February 1979, teams of Vietnamese postal technicians and workers already were present in the friendly land (of Cambodia) and, along with our friends, began to rebuild the posts and telecommunications (P&T) sector from central to local level, from the management machinery and production structure to its cadres and workers. Within only a short time, in the capital city of Pnom Penh and 19 provinces and municipalities a P&T organization and network was set up to provide timely services. The P&T network that served the Front for National Salvation and People's Republic of Cambodia was organized and became operational first. From October 1979 on, the general P&T network that served the various sectors and the people was restored and gradually entered normal operations. The friendly country (with assistance from Vietnamese technicians) did a lot of work, such as surveying, studying, and organizing mail routes going from the central level to provinces and municipalities, among provinces and municipalities, and between Pnom Penh and Hanoi and Ho Chi Minh City, to ensure regular exchanges of letters, packages, newspapers, and so on. When our friends restored their currency, Vietnamese P&T assisted them in a timely manner in printing and issuing four sets of postage stamps; widely serving the people; and providing them with postal means, such as postmarks, bags and packets of all kinds, printed matters, and so on. At the present time, a network of mail routes covers the entire country, from the central level to districts, cities, and towns, and combines the use of various means, such as automobiles, speedboats, trains, and so on, with two mail services a week between Pnom Penh and Ho Chi Minh City (by automobiles) and between Pnom Penh and Hanoi (by air), which have been strengthened on a regular basis to ensure P&T contact through Vietnam with the socialist and many other countries.

Telephone and telegraph communications were also restored and quickly developed. Starting in late 1979, Vietnam had been sending people, equipment, and materials over and, along with our friends, organized many field telephone and telegraph networks, with small-capacity switchboards, to serve on a timely basis Pnom Penh and many provinces; built and put to use a coastal two-way radio station in Kompong Som to serve the coming and going ships; and urgently restored the 4,000-channel automatic telephone network in Pnom Penh, which was put back to normal operations soon afterwards. In 1980, the Vietnamese P&T sent equipment, materials, and cadres over to assist our friends in restoring two-way short-wave radio stations and telegraphic stations in order to ensure communications between Pnom Penh and many Cambodian provinces and Ho Chi Minh City. In 1981, with Vietnamese equipment, we and our friends urgently surveyed, planned, and built the Pnom Penh-Ho Chi Minh City microwave information line, which had enough receivers and transmitters, power sources, antennas, midsection cables, and so on and was quite uniform and improved; provided early direct telephone and telegraph connections between Pnom Penh and Ho Chi Minh City and some friendly provinces; assisted our friends in quickly managing and operating the equipment; and at the same time joined with our friends in building a large-power receiving-transmitting station that provided direct short-wave links between Pnom Penh and Hanoi and Vientiane. With the above-mentioned microwave information network and receiving-transmitting station, our friends' international information capacity has been greatly strengthened, with their telephone and telegraph links, through Ho Chi Minh City and Hanoi, being possibly extended to socialist and other countries. So far all provinces and municipalities and almost all districts and cities in the friendly country have had P&T offices that ensure communications with hamlets and villages; 20 provinces and municipalities now have local telephone networks, 13 provinces microwave and open line networks, and some provinces two-way radio stations.

Proper attention has been paid to training through on-the-job learning and opening schools and classes in Cambodia and Vietnam, and letting our friends visit and learn in Vietnam's P&T installations. Since 1979, the Vietnam P&T School in Ho Chi Minh City has trained in short-term courses 94 specialized technical cadres and workers for our friends. At the same time, with teachers, equipment, and teaching tools provided by Vietnam, the Pnom Penh National P&T School was established early--in 1980--and has held 6 classes to train a total of 40 management cadres and 700 workers, including nearly 500 who have graduated, and to satisfy our friends' needs in the last 7 years for organizing, building, managing, operating, and using P&T information networks.

Also since 1979 Vietnam's P&T has sent 83 groups of technicians to the friendly country to assist it for short and long periods (they did not include hundreds of P&T cadres sent by Vietnamese provinces and municipalities to their brotherhood counterparts and hundreds of workers' groups sent over to help build and restore information networks). Vietnam's P&T technicians and workers, unafraid of difficulties and obstacles, have fulfilled their tasks in the spirit of socialist internationalism. For many years the P&T protocols between the two countries have continued to be signed and have further strengthened their cooperation in terms of training, materials and equipment aids, economic management, and so on. At the end of April 1986, the P&T protocol between the two countries was again signed as a new important step to further consolidate the Vietnamese-Cambodian P&T relations and to promote in-depth cooperation in P&T management and training of cadres and workers.

5598
CSO: 4209/649

HAU GIANG GIVES AID TO CAMBODIAN BROTHERHOOD PROVINCE

Hanoi NHAN DAN in Vietnamese 6 Jun 86 p 3

[Article: "Vietnam-Laos-Cambodia Fraternal Solidarity--Hau Giang-Kompong Chhnang Cooperation"]

[Text] Right after the day of liberation (7 January 1979), the people of Kompong Chhnang Province began receiving wholehearted assistance based on brotherly love from the people of Hau Giang. For the last more than 7 years the relations of friendship and cooperation between the two brotherhood provinces have been further developed and grown in depth everyday.

In the 1979-1983 period, Hau Giang gave to the friendly province a considerable quantity of aid of various kinds. In the agricultural field, it sent to it a total of more than 3,500 metric tons of rice seeds, 55 tons of corn, 240 kilograms of vegetable seeds of various kinds, 66 tons of sweet potato, 80 tons of fertilizers, 110 hogs, and rather large quantities of insecticide, sprays, and other tools. In the industrial field, it gave as gifts to Kompong Chhnang two 20-ton motorboats and many varieties of industrial materials and equipment, and installed for the friendly province nearly 7,000 meters of pipeline. The Hau Giang educational sector gave to its friends more than 100,000 books and large quantities of learning tools and sport equipment for their schools. In the public health, information, cultural, and capital construction fields, Kompong Chhnang also received timely aid and assistance from Hau Giang.

Since mid-1984 the cooperation relations between the two brotherhood provinces have entered a new stage. On 16 June 1984, the two sides signed a cooperation memorandum for 2 years, 1984-1985. Complying with that agreement, Hau Giang later sent to the friendly province tons of rice seeds and tens of tons of cement, iron, and steel, as well as 17 agricultural technical cadres to assist it in applying intensive cultivation to rice growing. With the IR-42 rice seeds sent over by Hau Giang, the experimental growing of that rice variety in 30 hectares in District 12 later brought about a record yield. The province also sent many specialized cadres in such fields as education, information, culture, public health, and capital construction to Kompong Chhnang. Carrying out the plans for exchanging goods on the basis of mutual interests, Hau Giang sent to Kompong Chhnang large quantities of goods valued at hundreds of thousands of riels and including cement, bicycles, canvas shoes, and other items. Kompong Chhnang sent to Hau Giang lotus seeds, bags, and other items.

On 16 November 1985, Hau Giang and Kompong Chhnang signed an agreement for aid and economic, cultural, and technical cooperation in 1986. Implementing this agreement, in the last 4 months, Hau Giang gave to its friends nonrepayable aid contained in 6 bales, valued at 36,000 riels, and consisting of testing tools and chemicals to be used in general and middle school laboratories. It also sent them tools and chemicals enough to equip two plant protection stations and one veterinary station. The friendly province received those aid items and have already put them to use. In February 1986, Hau Giang sent 15 cadres from 9 sectors over to assist in drafting plans for attaining the goals of cooperation and to sign actual contracts between the 2 provinces' sectors. These cadres' work brought about good results and was highly evaluated by the friendly province. In March 1986, 3 of Hau Giang's water conservancy cadres assisted in the building of 2 reinforced concrete dam gates and 3 sluices made of earth and wood, which would regulate water for an intensive-cultivation area of 170 hectares. Also in March, 10 cadres from the Hau Giang Agriculture Service went to Kompong Chhnang to draft agricultural plans for the outskirts of the city and the entire District 12. Vietnam's agriculture cadres provided guidance for rice growing in the 170-hectare experimental area, which included a 28-hectare farm where two crops were grown per year, and at the same time opened courses to train primary-level veterinary and crop-growing cadres, with 30-40 students in each course.

The Hau Giang Public Health Service sent over its experienced cadres who worked for a year treating malaria cases and opening training courses to raise the professional capabilities of the friendly province's public health cadres.

In coordination with its friends, Hau Giang opened two courses to train agricultural-transformation cadres. The first course was attended by 127 provincial, district, village, and hamlet cadres. The second was for district, village, and hamlet cadres, and leaders and deputy leaders of production solidarity teams of District 12, a total of 122 people. In addition, by the friendly province's request, Hau Giang's agriculture cadres organized an additional course of training for the key cadres of District 12 and of the Kompong Chhnang Agricultural Service offices and committees to learn about management.

In addition to properly carrying out the agreement it has signed, Hau Giang has always remained ready to respond to any unexpected needs the friendly province might have. Early this year it bought for it 50 tons of new rice seeds and a thresher, which were promptly delivered to the friendly province. In February 1986, by a proposal from Kompong Chhnang, it sold for the latter 1,200 tons of lotus seeds, 150 tons of mung bean, and a quantity of bicycle tires and tubes, which brought earnings of about 10 million riels to the friendly province.

This year, along with other projects, Hau Giang will draft construction plans and get materials ready for construction in early 1987 for a 100-bed child-care center and a kindergarten.

The cooperation and mutual assistance relations between Hau Giang and Kompong Chhnang are bringing about more and more results everyday.

5598
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MORE READERS OFFER IDEAS FOR FORTHCOMING PARTY CONGRESS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 20 May 86 pp 1, 4

[Contributing Ideas to Party Congress column]

[Excerpts] Do Not Limit Telling the Truth

It is difficult to get hold of the truth, but to tell the truth sometimes is more difficult.

In our country, the truth that is contained in many reports is known for some time to be not totally true, for good things have been mentioned excessively, if not exaggerated, and bad things and shortcomings have been mentioned only vaguely and very little.

The reasons for talking too much about good things and blowing up figures are the bureaucratic behavior of superior echelons and the pursuit of "achievements" and false reputation of subordinate echelons. To talk about good things is aimed at winning commendation and emulation points, which in turn lead to promotions, rewards, material gains, and so on. Once we have talked about good things, it is only natural that we do not want to talk about bad things and that we are afraid of contrary results--being criticized, losing emulation points, and so on; if we cannot avoid talking about bad things, we will mention them vaguely or talk only about what we cannot hide. A wrong idea that has existed for some time is to avoid openly and widely dissecting any shortcomings, for it is thought that to do so will not be beneficial in terms of mass propaganda and proselyting, harm the prestige of the party and state, and play into the hands of the enemy, and thus to "close the doors and teach one another behind them," or to handle things privately, and so on. It is because of this fear and reluctance that some "opportunistic" party members take advantage of the whole situation to obtain personal gains, to violate discipline and the law. In many cases, party members in high positions were only transferred to other localities as punishment for some wrongdoings and even got more important positions in the process.

We should not think that everything is a national secret, or has to do with economic secrets and political security, and thus limit telling the truth.

Signed: Vo Truong of Phuoc Long, Thu Duc.

Commenting on Production, Business Installations

At the present time our social product in general, including its quantities, qualities, and prices, is incapable of responding to the relationship between supply and demand. The fact that shortages and high prices lead to regrettable negative aspects gives no indications that it will either stop or decline, particularly following the adjustments of prices, wages, and money, because of reasons coming from higher levels; however, we cannot ignore the reasons that come from production and business installations. Next to the installations that are doing a good job we have many that are less effective. A final review of several years has shown that excessively high production costs resulting from the management machinery of enterprises being too cumbersome and unrealistic, and from poor work efficiency and false economic accounting, eventually had to be borne by consumers. Our country's economy has thus encountered unending difficulties.

We think that many leading cadres do not have the right organizing and managing capabilities but deliberately occupy the key jobs and positions in their enterprises in order to obtain personal gains. They use every trick and maneuver to establish connections at all levels, flatter and try to please their superiors, cheat their subordinates, and abuse and harass those who are not on their side and those who have revealed and criticized their wrongdoings. They are afraid of those cadres who are honest and just, work effectively, and are more professionally capable. They use those people who flatter them, are incapable, and have things in their past and present that do not go along with the criteria set by the party and state for cadres. They bring relatives and members of their families into key positions in their enterprises in order to lend them support.

In their work, they are very superficial: They make reports on completion of their plans but do not show any poor results or mention the fact that completion has been premature or forced just because they wanted to score achievements to get bonuses; in some localities, they even make false reports by failing to point out that they will have to make up for the following year's volume of production and that they have allowed damages and losses of properties and wasteful use of materials to occur, hence excessive increases of production costs. The way they do business is against the socialist principles: They use intermediaries to serve state organs, get fuels from both the state and customers for production, receive materials from the state but resell them to divide the differences among themselves, and always report proper fulfillment of any political tasks assigned by their superiors while they actually sustain increasing losses year after year.

In internal management the tendency is to go after achievements, to hide shortcomings, to suppress struggle, to let decadent and degraded cadres and party members destroy the rest of party and state cadres. In some localities hundreds of cadres and party members who had been allowed to steal and to smuggle were punished and jailed, some for life, but they have remained calm and quiet and have still received commendations, promotions and pay raises. To handle management and regular work that way can never move production and the living standard forward. We have the following suggestions we offer to the party congress:

1. To reorganize production of enterprises in conformity with the tasks assigned by superior echelons; to avoid anything superficial, showy, and cumbersome, and false economic accounting (to use tasks to build organization, but not the other way around).

2. To check and reevaluate the capabilities of management cadres, to replace those who have committed the above-mentioned acts. The reason is that such cadres are no longer suitable for the task of national economic construction.

3. To control the leadership of party organizations, mostly the party committee echelons. There can be no "clean and strong" party chapters and organizations as long as we still have within our units many signs of negative action and cheating, nor can we have strong leadership of party committee echelons while numerous matters having to do with cadre views and policies, negative incidents, and serious violations of law continue to occur.

Realities show that wherever leaders lie to their superiors, cheat their subordinates, and strengthen their positions of power for selfish purposes, production and the living standard cannot be improved and the confidence and trust of honest and righteous people will also decline.

4. To launch a real mass movement to promote the ownership right of workers and civil servants. To restore and achieve democracy inside party organizations in order to fight opportunism, factionalism, and such negative aspects as corruption, smuggling, bribery in various forms, and so on.

5. We believe that self-criticisms and criticisms can attain their goals only when the masses are really proselytized; the standards of conscience, morality, and reason are emphasized; and the negative forces are repulsed, when we really have strong and large participation by the masses.

Signed: Engineer Thai Van Uy, Ministry of Communications and Transportation Committee of Reforms

5598
CSO: 4209/654

YOUTH UNION CHAPTERS DEAL WITH SELF-CRITICISMS, CRITICISMS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 21 May 86 pp 1, 4

[Article by V.K.-Tuan Linh: "Many Precinct, District Youth Union Chapters Remain Confused About Self-Criticisms, Criticisms--Activities of Youth Union Chapter in Union of Communications Enterprises of Area 6 Are Poor and Dull"]

[Text] Until now more than 10 precinct and district youth union chapters and basic-level youth union organizations in the light and food industries and the Union of Communications Enterprises of Area 6 have held reviewing sessions among members. The organizations that held relatively good self-criticism sessions were the youth union chapters of the 4th Precinct, the 6th Precinct, the Union of Communications Enterprises of Area 6, and so on.

In these installations, in reviewing sessions their youth union cadres boldly criticized against and offered ideas to the youth union organizations at all levels about shortcomings in their leadership and in the movement among youths and teenagers. The youth union cadres of the 3rd and 4th Precincts, Binh Thanh District, and other precincts and districts cited the urgent needs for planning and improving the capacity of cadres to carry out youth union work and mentioned the irrational aspects of the work mechanism at the basic level. The youth union members and youths in the Saigon Brewery, through many self-reviewing sessions, pointed to a rather common phenomenon in the youth union organizations--the system used to carry out the youth union work was divided into too many levels and thus had adverse effects on the quality of this work and the emulation movement at the basic level. The youth union members and youths in the Tan Binh Export Food Processing Plant made observations about the "aging" process in youth union activities and about recruiting new youth union members without linking it with the results of production, i.e., the youths who have scored many achievements in production and have good political understanding were not recruited, while the youth union continued to recruit unqualified youths.

Beside the units that organized quite successfully the self-criticism and criticism sessions, many precinct and district youth union chapters, due to a lack of experience and a failure to fully grasp the actual requirements of these sessions, remained confused as to what they had to do in order to develop and organize the self-reviewing sessions.

During a self-reviewing session held on 13 May with the presence of youth union chapters, the Standing Committee of the Youth Union Chapter in the Union of Communications Enterprises of Area 6 sternly criticized itself and made this conclusion: One of the main reasons that led to that situation was the fact that the youth union activities here were poor and dull, the working method was bureaucratic, and the norms and documents being assigned to the basic level were handed down without any attempt to study the work conditions of each installation, nor were any guidelines given to assist the latter. With nearly 50 percent of the executive committee members being 35-37 years of age and having in some cases 15 years of youth union work, the executive committee itself did not have any plans for training the next group of young cadres. Some executive committee members, such as Truong Quoc Son, secretary, youth union chapter in Machine Works 622, regularly failed to participate in its activities but were not criticized. Other members, such as Mai Xuan Dua, secretary, youth union chapter in Bridge Enterprise 63, were subjected to disciplinary action of the administration but still escaped any punishment within the youth union chapters.

During the same session, the cadres from the basic-level youth union chapters criticized the municipal chapter for failing to work closely with the basic level and pointed to the fact that the conferences the municipal chapter had convened did not as yet resolve the issues that the basic level was deeply concerned about.

5598
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END

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Southeast Asia Report

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JPRS-SEA-86-139

12 AUGUST 1986

SOUTHEAST ASIA REPORT

CONTENTS

INDONESIA

Suharto Calls for Abri Cooperation in Transmigration
(ANTARA NEWS BULLETIN, 4 Jul 86) 1

Bengkulu Resettlement Site Said To Accommodate 2,000 Families
(ANTARA NEWS BULLETIN, 4 Jul 86) 2

South Kalimantan Open to Transmigrants
(ANTARA NEWS BULLETIN, 4 Jul 86) 3

Regent Discloses Plan To Receive 1,000 Transmigrant Families
(ANTARA NEWS BULLETIN, 5 Jul 86) 4

MP's Call Irian Jaya Transmigration Program Successful
(ANTARA NEWS BULLETIN, 8 Jul 86) 5

Trade Minister Affirms Implementation of May 6 Package
(ANTARA NEWS BULLETIN, 4 Jul 86) 6

Trade Discussion With Polish Delegation Held
(ANTARA NEWS BULLETIN, 8 Jul 86) 7

CSSR Trade Official Calls for Increased Trade
(ANTARA NEWS BULLETIN, 9 Jul 86) 8

Japanese Consortium To Build Telecom Network
(ANTARA NEWS BULLETIN, 27 Jun 86) 9

Habibie Says Country To Go Ahead With High-Tech Industry
(ANTARA NEWS BULLETIN, 23 Jun 86) 10

Possible Manufacture of Exocet by IPTN Discussed
(ANTARA NEWS BULLETIN, 25 Jun 86) 11

IPTN To Have Jet Engine Maintenance Facility
(ANTARA NEWS BULLETIN, 26 Jun 86) 12

Merpati Airline Buys IPTN's CN-235S
(ANTARA NEWS BULLETIN, 26 Jun 86) 13

Nusantara Airline, IPTN Sign Maintenance Agreement
(ANTARA NEWS BULLETIN, 26 Jun 86) 14

No Contractors Request Oil Production Sharing Formula Amendment
(ANTARA NEWS BULLETIN, 26 Jun 86) 15

Mobil Oil Will Continue Operation in Makassar Strait
(ANTARA NEWS BULLETIN, 26 Jun 86) 17

Value of LNG, Nonoil Exports Up
(ANTARA NEWS BULLETIN, 21 Jun 86) 18

Minister Admits Rice Output May Drop
(ANTARA NEWS BULLETIN, 7 Jul 86) 19

Nuclear Power Said Not Needed for Electricity Until 2010
(ANTARA NEWS BULLETIN, 9 Jul 86) 20

MALAYSIA

Berjaya Party To Quit Barisan Nasional
(Kuala Lumpur Domestic Service, 20 Jul 86) 21

Opposition Party Issues Election Manifesto
(NEW STRAITS TIMES, 21 Jul 86) 22

ASEAN Diplomatic Effort on Cambodia Viewed
(Kuala Lumpur International Service, 21 Jul 86) 24

Commentary Views Foreign Policy, Upcoming Election
(Kuala Lumpur International Service, 22 Jul 86) 26

Briefs
Radio, TV Provides Election Coverage 28

NEW ZEALAND

Political Reporter on 'Demise' of ANZUS Spirit
(Tony Garnier; THE EVENING POST, 8 Jul 86) 29

Paper Reflects on Release of French Agents
(Editorial; THE EVENING POST, 12 Jul 86) 33

PHILIPPINES

Aquino Promotes Two Officers to Major General
(THE MANILA EVENING POST, 4 Jul 86) 35

RAM 'Plot' To Discredit Cabinet Members Alleged
(Joel C. Paredes; ANG PAHAYAGANG MALAYA, 30 Jun 86) 37

Rumored Cabinet 'Rift' Knocks Stock Prices
(THE NEW PHILIPPINES DAILY EXPRESS, 17 Jul 86) 39

Mindanao OIC, Ex-Governors' Power Struggle Highlighted
(NEW DAY, 21 Jul 86) 41

Reorganization Committee Wants 4 Agencies Dropped
(Alejandro V. Almazan; BUSINESS DAY, 14 Jul 86) 43

Reportage on Actions Taken by Constitutional Commission
(Manila Far East Broadcasting Company, 17, 18 Jul 86;
BUSINESS DAY, 17 Jul 86) 46

Change to 'Open-Party' System Approved 46
Teachers' Right To Join Unions Recommended 46
Safeguards Against State Excesses Reinforced 48

Reportage on Criticism of PCGG's Sequestration Powers
(Various sources, 16, 17 Jul 86) 49

Accusation of Grave Abuse Leveled, by Rod L. Villa 49
Minister Criticizes Sequestration Order 49
Paper Attacks Sequestration Powers, Editorial 50
PCGG Appeals to Concom 51

PCGG Plans Major Revamp To Improve Image
(Vic Sollorano; NEWS HERALD, 17 Jul 86) 52

PCGG Enmeshed in Dispute Over Farmland
(BUSINESS DAY, 18 Jul 86) 55

Negros Partition Declared Unconstitutional
(Re G. Panaligan; MANILA BULLETIN, 15 Jul 86) 57

'Loyalists' To Defy Rally Ban by Jogging
(THE NEW PHILIPPINES DAILY EXPRESS, 17 Jul 86) 58

Envoy to Japan Comments on Textbook Controversy
(KYODO, 18 Jul 86) 59

Economic Minister Says Peso Overvalued 10-20 Percent
(BUSINESS DAY, 16 Jul 86) 60

Reform of Government Financial Institutions Approved
(BUSINESS DAY, 17 Jul 86) 62

Top 10 Imports Value Falls 12 Percent
(BUSINESS DAY, 17 Jul 86) 65

'Debt Paper' Reveals Improved Credit Stance
(Ma Victoria A. Gochoco-Perez; BUSINESS DAY, 18 Jul 86) 67

Corporate Investments Reported Down 6.1 Percent
(Ma. Cecilia Dy; THE NEW PHILIPPINES DAILY EXPRESS, 19 Jul 86) 69

Reportage on NPA Military, Recruitment Activities
(Various sources, various dates) 70

Mindanao Offensive Escalated, by Vittorio Vitug 70
Open Recruiting in Danao City, by Leo Enriquez 72
Constabulary Patrol in Bataan Ambushed, by Raffy Viray 72

PC Operatives Seize Ammunition Cache at Cojuangco Company
(Joel D. Lacsamana; BUSINESS DAY, 15 Jul 86) 74

Sulu OIC Claims 150,000 Rebels Willing To Surrender
(MANILA BULLETIN, 17 Jul 86) 75

Briefs

Enrile: Solution to Insurgency 77

THAILAND

Paper Reports on Problems in Finance Sector
(THE NATION, various dates) 78

Finance Firms Resist Government 78
Tougher Central Bank Controls Seen 79
More Foreign Currency Holdings Allowed 82

Bank Scandal Widens, Economic Impact Viewed
(THE NATION, 9, 10 Jul 86) 84

Perpetrators Seek Refuge Abroad 84
Central Bank Exposes Wrongdoing 85
Injection of Funds May Cause Problems, by Vajara C. Santikul 86

VIETNAM

INTERNATIONAL RELATIONS, TRADE, AND AID

Polish Envoy Talks About Country's National Day
(Marian Ejma Multanski; Hanoi Domestic Service, 22 Jul 86) 88

Briefs

Vientiane Mayor on Bilateral Cooperation 90

PARTY ACTIVITIES AND GOVERNMENT

Cabinet Temporary Regulations on Supplies
(NHAN DAN, 3 Jul 86) 91

NHAN DAN Editorial Praises Socialist Party
(Hanoi Domestic Service, 21 Jul 86) 98

AGRICULTURE

Report on Ricefield Damage by Typhoon No 3
(Hanoi Domestic Service, 24 Jul 86) 100

/7310

SUHARTO CALLS FOR ABRI COOPERATION IN TRANSMIGRATION

Jakarta ANTARA NEWS BULLETIN in English 4 Jul 86 p A3

[Text] President Soeharto Thursday stressed the importance of cooperation between the ministry of transmigration and the armed forces particularly in the field of transportation of transmigrants to their new settlement.

Transmigration Minister Martono told reporters after a meeting with the Head of State that the transportation of transmigrants by river to their resettlement had so far been carried out by using old motor boats of private companies.

With regard to that the President suggested that the armed forces members rendered help to ease the situation, the minister said.

Minister Martono added that transportation of transmigrants by air, land and sea had been good.

He said there would be no projects in 1986/1987 except those financed through foreign aid. The projects underway will be continued but will be extended if the funds for them are running short.

The minister said that the quality of transmigration program this year will be stepped up.

He said the animo of the people to join the program is still great and starting this year the professional organizations will be engaged in the program.

Minister Martono said that the target of the transmigration program is a complete settlement of the country's population problem.

About the realization of the transmigration program in the first year of the current foruth Five-year Development Plan Minister Martono said that 101,808 families had been sent during the period. The target set for the period was 125,000 families.

The number of transmigrants resettled in the second year exceeded the target of 135,000 families recorded at 160,347 families. In the third year, from April through July 1, the number had reached 44,742 families.

/12828
CSO: 4200/1261

BENGKULU RESETTLEMENT SITE SAID TO ACCOMMODATE 2,000 FAMILIES

Jakarta ANTARA NEWS BULLETIN 4 Jul 86 p A3

[Text] The Mukomuko transmigration resettlement in Bengkulu Utara (north) regency, 320 km from Bengkulu, could accommodate 2000 families of transmigrants from West Java, Jakarta, Central Java, East Java and Yogyakarta.

The head of the Bengkulu transmigration ministry, Suryanto, told ANTARA Friday that the site had been prepared since 1982 and had begun to accommodate transmigrants since 1984.

He said that in 1984, 250 families were resettled. At present 770 families general transmigrants and 250 families of retired armed forces members are now prepared for another resettlement.

The provincial government through the public works department is currently building the Manjuto irrigation works for the resettlement areas.

For the first stage, the Manjuta project is expected to irrigate 6000 hectares of ricefields. It is estimated to cost Rp23 billion rupiahs taken from the state budget and the World Bank.

The construction of the Manjuto irrigation project is now nearing completion and it is expected to be inaugurated by President Soeharto before the coming general elections in 1987.

The Bengkula Utara regency covers an area of 9,350 km2 with a population number of 342,312 scattering in 338 villages and 24 transmigration locations.

/12828
CSO: 4200/1261

SOUTH KALIMANTAN OPEN TO TRANSMIGRANTS

Jakarta ANTARA NEWS BULLETIN in English 4 Jul 86 p A3, A4

[Text] The province of South Kalimantan covering an area of more than 3.7 million hectares and inhabited by 2.2 million or some 59 people per kilometer, still regarded as scarcely populated, is now still open for the resettlement of transmigrants in a bid to spur up its development.

Chairman of the "Commission E" of the South Kalimantan Regional House of Representatives Haji Abdullah Syahrir said this at a meeting with officials of Central Java in Semarang recently.

He elaborated that the land of South Kalimantan consists of 500,00 hectares of swampy areas, 200,000 hectares of alluvial areas 1,740,000 hectares of mountainous areas or forests, 200,000 hectares of coastal areas, 960,000 hectares of grass fields and 100,000 hectares of river basin areas.

According to the chairman of Commission E, the condition of land or weather in South Kalimantan is very suitable for growing any plant growing in Indonesia.

He said many transmigrant-farmers had been successful in growing crops such as those settling in the Tajau Pecah village of Tanah Laut regency, 79 Km Southeast of Banjarmasin, as well as those in the coastal village like Serambai, 40 Km west of Banjarmasin.

In the current fourth Five Year plan (1984-1989), South Kalimantan is expected to absorb 30,000 transmigrant-families to occupy 232,850 hectares of areas which have been arranged.

Until now, however, only 2,668 families have been resettled in the province, comprising 1,399 families under general transmigration scheme and 2,668 others under the scheme of the people's nucleus estate (PIR).

Meanwhile, in 1986/1987, the provinces target is to allocate some 11,076 families comprising 600 families under the general scheme 1,500 under the PIR scheme, and 8,976 families under self-supporting scheme.

/12828
CSO: 4200/1261

REGENT DISCLOSES PLAN TO RECEIVE 1,000 TRANSMIGRANT FAMILIES

Jakarta ANTARA NEWS BULLETIN in English 5 Jul 86 p A6

[Text] Regent Sahri Romli of North Bengkulu has planned to receive 1,000 transmigrant-families from Java to be resettled in the Enggano island.

He said facilities such as airport, navy command post and cow ranches will be built on the island that lies 97 miles from the Bengkulu city.

The Enggane island covering 40,000 hectares and inhabited by over 1,300 people, is expected to be equipped with various development projects that will improve the welfare of the local people which are still a little isolated, he added.

The regent disclosed this plan at a meeting with a team from Parlimentary Commission II which visited the island Friday.

He pointed out that the regency of North Bengkulu had until now received 22,360 transmigrant-families from various parts of the country.

The team leader, Adi Pranoto, said the visit to the region was intended to have a close look on the performance of the local development, in addition to collect some inputs for the central government.

/12828
CSO: 4200/1261

INDONESIA

MP'SCALL IRIAN JAYA TRANSMIGRATION PROGRAM SUCCESSFUL

Jakarta ANTARA NEWS BULLETIN in English 8 Jul 86 p A2

[Text] A team of the House budget commission is of the view that the implementation of the transmigration program in Irian Jaya since the pre-Pelita period to the present day, has scored considerable satisfactory results, although various obstacles still have to be tackled.

The MPs were even of the opinion that the transmigration projects in Irian Jaya have achieved greater progress than those in the other parts of the country.

The view was expressed by the team's leader, B.P. Messakh, when speaking to ANTARA here Monday after making an inspection of several transmigration sites in the province.

He said it was only proper that the project in the rpovince achieved success, because the region is highly suitable for agriculture and livestock breeding.

One of the favourable factors contributing to the success, he said, is the fact that most of the transmigration sites are in relatively close proximity to urban centres, facilitating the marketing of the transmigrant-growers' produce.

Minuses

However, the MPs noticed there were also some unfavourable factors, including the slight disharmony between local transmigrants and those from outside the province. The MPs were specially referring to the Koya Barat area.

The team has also came across several transmigration plots of land that have not been tilled as clearings have not been performed properly, which added to the burden of the transmigrants.

The 10-men parliamentary mission was on a nine-day tour of the province for inputs relating to sectoral projects being realized with funds of the state budget.

The information will then be brought to Jakarta for discussion as material for drawing up the 1987-1988 State Budget.

/12828
CSO: 4200/1261

TRADE MINISTER AFFIRMS IMPLEMENTATION OF MAY 6 PACKAGE

Jakarta ANTARA NEWS BULLETIN in English 4 Jul 86 p A7

[Text] The Indonesian Government will persist in the plan to implement the May 6 Package as schedules without postponement, Minister of Trade Rachmat Saleh has stated.

Speaking before newsmen after meeting President Soeharto at Bina Graha here Thursday, the minister said further that the package was aimed at improving the economic condition of the country, particularly in increasing export earnings.

He also confirmed on the occasion that the implementation of in the Presidential Instruction (Inpres) No. 4/1985 would be continued as the purpose of the stipulation was to smoothen the flow of export as well as import commodities through Indonesian seaports.

In reply to a question about weaknesses possibly found in Inpress No. 4/1985, he stated his view that there were no weaknesses in the regulation. He admitted, however, that improvement might be needed in the way to implement it.

/12828
CSO: 4200/1261

INDONESIA

TRADE DISCUSSION WITH POLISH DELEGATION HELD

Jakarta ANTARA NEWS BULLETIN in English 8 Jul 86 p A6

[Text] A joint commission between Indonesia and Poland held its second session here Tuesday to discuss trade problems as well as the possibility of expanding trade between the two countries.

The Indonesian delegation was led by Director General of External Economic Relations from the foreign ministry Atmono Suryo and the Polish delegation was led by the polish Ambassador to Indonesia, Czeslaw Huszaiki.

This session was a follow-up to the first session of the joint commission held in Warsaw in August 1984.

The three-day session is expected to discuss efforts to reach equilibrium in current accounts, step up the trade volume and explore the possibilities of expanding Polish investment in Indonesia.

The session served also as a preliminary activity in the face of a visit by Polish Deputy Prime Minister Zbigniew Slalajda scheduled for July 9 to 14 as a response to the visit by Indonesian Coordinating Minister of Economy, Finance and Industry Ali Wardhana to Poland in April 1985.

/12828
CSO: 4200/1261

CSSR TRADE OFFICIAL CALLS FOR INCREASED TRADE

Jakarta ANTARA NEWS BULLETIN in English 9 Jul 86 p A1

[Text] Czechoslovakia still intends to import more Indonesian commodities if the country's export of various industrial products to the latter can be further stepped up.

This was revealed by Jiri Holsan, the director of the Czech stand during a press conference held at the 1986 Jakarta Fair here Tuesday.

Indonesian exports to Czechslovakia today comprise rubber, tin, leather, spices, and coffee, while Indonesian imports from the country consist of various equipments and spare parts, musical instruments such as piano, and chemical substances for pharmaceutical industries.

The Czech stand is displaying a number of industrial products managed by the country's 11 major international trade organization, such as Strojimport, one of the world's most well-known industrial equipment exporter.

According to Holsan the trade balance between Indonesia and Czechoslovakia is still in favor of Indonesia.

Therefore, the participation of Czechoslovakia in the Fair is mainly intended to increase the export of several commodities to Indonesia, he said.

Trade volume between Indonesia and Czechoslovakia reached its top in the '60s. At that time Czechoslovakia supplied all the necessary equipment for Indonesian major factories such as Tonasa (cement), Intirub (tire) and textile factories which are still operating up to now.

In efforts to further increase economic and trade relations between the two countries starting August last year Czechoslovak Airline opens a direct flight connecting Prague and Jakarta.

Aside from increasing bilateral trade relations, the participation of Czechoslovakia in this year's Jakarta Fair is also aimed at stepping up the cultural cooperation, said Jiri Holsan.

/12828
CSO: 4200/1261

JAPANESE CONSORTIUM TO BUILD TELECOM NETWORK

Jakarta ANTARA NEWS BULLETIN in English 27 Jun 86 p A4

[Text] Jakarta, June 27 (ANTARA)--A contract for the construction of a telecommunication network in Indonesia worth 110 billion Yen would be signed next month by the Indonesian government and a five-company consortium of Japan.

A spokesman from Sumitomo Corp said here Thursday the contract was the largest one financed by soft loan Yen.

The five Japanese companies--Toyo Menka, NEC, Fujitsu, Japan Radio and Sumitomo--would begin preparing the telecommunication equipment which were needed in the construction of the project as soon as the contract was signed.

The project scheduled to be completed around the end of 1989 covering a telephone network will link 150 cities and villages in Java, Sumatera, Sulawesi, through a digital system.

The spokesman said the project would facilitate communication among the central government and the regions as well as inter regional communication.

/9317
CSO: 4200/1243

INDONESIA

HABIBIE SAYS COUNTRY TO GO AHEAD WITH HIGH-TECH INDUSTRY

Jakarta ANTARA NEWS BULLETIN in English 23 Jun 86 p A2

[Text] Jakarta, June 22 (ANTARA)--Indonesia will go ahead with its plans to develop high technology industries in the wake of declining oil revenues, which account for 70 percent of its income.

"We are not going to stop because of the falling oil prices," State Minister for Research and Technology and concurrently president director of PITN (Nusantara Aircraft Industry) B.J. Habibie told a press conference here Sunday.

Speaking in his capacity as chairman of the Indonesia Air Show (IAS) 86's organizing committee, Habibie said that most facilities of IPTN had been built at a cost of some US$600 million during the past oil boom period.

Instead of being discouraged, the dynamic minister said that Indonesia was now looking forward for international cooperation to develop high technology industries.

With its ten-year-old and growing IPTN as capital, Habibie said that in the coming ten years he expected the birth of several hundreds of vendor companies to supply the need of IPTN.

He invited foreign companies to make joint ventures with their Indonesian counterparts to produce vendor items, which until now are still under the monopoly of the US, Europe and Japan.

/9317
CSO: 4200/1243

POSSIBLE MANUFACTURE OF EXOCET BY IPTN DISCUSSED

Jakarta ANTARA NEWS BULLETIN in English 25 Jun 86 p A7

[Text] Jakarta, June 25 (ANTARA)--Talks between France and Indonesia are underway over the possibility of manufacturing Exocet missiles under licence following last year's defence agreement between the two countries, it was disclosed here Wednesday.

In its pavillion at the Indonesia Air Show 86 (AIS 86) IPTN (Nusantara Aircraft Industry) is showing a model of CN-235 in maritime defence guise, complete with two Exocets mounted on the under carriage sponsons.

Also on display at IAS 86 is the first Indonesian produced Super Puma which will be fitted with Aerospatiale AM39 Exocet missiles which are usually combined with Omera 3212 I-band radar.

The Exocet/Omera combination was first employed on the French Navy "Super Frelon" choppers and now are also on the Super Pumas for maritime defence duties in Abu Dhabi.

The Indonesian-produced Super Puma made its initial flight one month ago and now it still has about seven months to go before it must complete the sea trials test program early 1987.

The Indonesian Navy (TINI-ALO) today possesses Exocet MM38 which can be launched from patrol boats and frigates.

However, since TNI-AL's warships have no helicopter deck of sufficient space to accommodate the Super Puma, it plans to operate the choppers from large landing support ships.

With regard to this IPTN engineers have been able to adapt French-designed harpoon securing system to attach the Super Puma to deck during landing phase.

/9317
CSO: 4200/1243

IPTN TO HAVE JET ENGINE MAINTENANCE FACILITY

Jakarta ANTARA NEWS BULLETIN in English 26 Jun 86 p A1

[Text] Jakarta, June 26 (ANTARA)--IPTN (Indonesia's Nusantara Aircraft Industry) will be equipped with jet engine maintenance facility following the signing of a memorandum of understanding (MOU) between the US engine maker, General Electric, and IPTN here Wednesday.

The MOU was signed by IPTN President Director B.J. Habibie and GE General Director Ken Bowman at the IPTN stand the Indonesia Air Show (IAS) ground here.

In compliance with the MOU, GE will make a jet cell completion for jet engine maintenance at the IPTN plant in Bandung.

The jet cell is now already available in the IPTN-UMS (Universal Maintenance Centre) in Bandung, which was set up by the two parties earlier.

GE will complete the jet cell by the end of this year so that IPTN-UMC will be ready to give services of jet engine maintenance, repair and overhaul by early next year.

The US company will also complete IPTN-UMC with support of the required tools and spares to enable it to give best quality services to its customers.

On the same day at the same place after the signing of a purchase contract for 15 CN-235 planes to Merpati Nusantara Airline, IPTN concluded a cooperation agreement in product support and after-sales services with the Indonesian domestic airline.

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CSO: 4200/1243

MERPATI AIRLINE BUYS IPTN'S CN-235S

Jakarta ANTARA NEWS BULLETIN in English 26 Jun 86 p A2

[Text] Jakarta, June 25 (ANTARA)--Indonesia's domestic airliner, Merpati Nusantara Airlines (MNA) and IPTN (Indonesia's Nusantara Aircraft Industry) Wednesday signed a contract for the purchase of 15 CN-235 planes produced jointly by IPTN and its Spanish counterpart CASA.

The contract was signed by MNA President Director Suratman, IPTN President Director B.J. Habibie in the presence of Communications Minister Rusmin Nurjadin at the IPTN stand at the Indonesia Air Show (IAS) 86 ground here.

The signing of the contract represents an important event underlining the national airline's growing confidence in IPTN's products.

MNA officially declared today that it had chosen the 40-44 passenger plane to strengthen its fleet.

Meanwhile, Dr Habibie stated that the domestic market for commuter aircraft like CN-235 was fairly good. He was convinced that the purchase of 15-CN 235s would be soon followed by other airlines of aircraft operators. Thus far IPTN has used 23-IPTN produced NC-212 Aviocars.

CN-235, which is claimed to be very suitable for both military and civil operation on account of having STOL capability, wide body/rampdoor and good at maritime patrol, won certification from the Joint Certification Board (JCB) whose members are Spanish and Indonesian Airworthiness Office last June 20.

A spokesman of IPTN said that 169 CN-235 were already in firm order and 90 in option.

/9317
CSO: 4200/1243

NUSANTARA AIRLINE, IPTN SIGN MAINTENANCE AGREEMENT

Jakarta ANTARA NEWS BULLETIN in English 26 Jun 86 p A3

[Text] Jakarta, June 25 (ANTARA)--Merpati Nusantara Airlines (MNA) has now improved its relation with the IPTN aircraft manufacturing company by signing a service sale contract by both sides for engine overhaul, repair and testing as well as engine control and accessories, IPTN announced Wednesday.

This agreement covers the services of TPE 331 engine overhaul, repair and testing as well as PT 6 engine control and accessories.

MNA has for ten years become one of IPTN's customers. With the signing of the agreement both sides will be able to make better and broader cooperation in coming years.

Every sale of IPTN aircraft to customers will now be accompanied with product supports and after-sale services, the company said. In cooperation with GE (General Electric), IPTN has established a new division, the Universal Maintenance Center (UMC).

UMC will play an important role in the field of after-sale services (engine maintenance, repair and overhaul).

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CSO: 4200/1243

INDONESIA

NO CONTRACTORS REQUEST OIL PRODUCTION SHARING FORMULA AMENDMENT

Jakarta ANTARA NEWS BULLETIN in English 26 Jun 86 pp A5, A6

[Text] Jakarta, June 25 (ANTARA)--Until now no foreign oil contractors in Indonesia have asked for an amendment in the existing production-sharing contract, based on the 85:15 ratio, said one of the Pertamina leaders Wednesday.

"There is no request now for reviewing the formula," Sutan Assin, director of domestic logistics, to reporters after accompanying the board of directors of Mobil Oil Corporation to meet President Soeharto.

He did not disclose if the present formula needs a change in the face of slumping oil prices, just saying: "We must look at their interest (oil contractors) and take into consideration whether it is favourable or not to us."

Hinting the still great interest of foreign oil contractors to operate in Indonesia, he quoted as example that Pertamina was now waiting for the signing of two new contracts with Esso of the United States and Total of France for oil exploration in Central Sumatera.

The signing of these contracts is now pending the conclusion of the requirement concerning the new Indonesian taxation, he added.

Pertamina is also now offering a tender for oil exploration in several parts of Indonesia, particularly the Eastern part. "It seems quite interesting to prospective oil contractors," he said.

Down

Asked about the number of exploration funds earmarked by the foreign contractors for 1986/1987, Sutan Assin said: "I don't remember the exact figures, it is close to US$2.5 billion. It is lower than the US$3.5 billion of 1982/1983.

He considered as natural the drop in these exploration funds in the current hard time of world oil market.

According to Sutan Assin, the contractors which lowered their exploitation budgets are largely those who have not started production yet, "Whereas the ones which have already got into production still arrange a quite impressive amount," he said.

Pertamina alone in 1986/1987 earmarked more than US$400 million for exploration and production or the same as the figures in two years ago.

/9317
CSO: 4200/1243

INDONESIA

MOBIL OIL WILL CONTINUE OPERATION IN MAKASSAR STRAIT

Jakarta ANTARA NEWS BULLETIN in English 26 Jun 86 p A6

[Text] Jakarta, June 25 (ANTARA)--Pertamina's production-sharing contractor, Mobil Oil Indonesia Inc., will continue to explore for oil and gas at the Makassar strait and on land in East Kalimantan, the public relations office of Pertamina said Wednesday.

Pertamina thus denied press report which recently alleged that Mobile Oil Indonesia had returned its operation areas at the strait and in East Kalimantan to Pertamina.

The two operation areas were obtained by Mobil Oil Indonesia on the basis of production-sharing contracts with Pertamina under an agreement signed in March 1973 for the strait and an agreement signed in February 1982 for the Semayang Block in East Kalimantan.

The operation area which Mobil Oil Indonesia had returned to Pertamina was a contract area at the South China sea, that is the Natuna D-2 Block, an area of 5,040 square kilometers, which was obtained on a production-sharing contract signed in December 1979.

The operation area was returned to Pertamina 1984.

Mobil Oil Indonesia is also operating at the offshore Block B and Block Peusangan in North Sumatera as well as at the offshore Pase area in Aceh.

/9317
CSO: 4200/1243

INDONESIA

VALUE OF LNG, NONOIL EXPORTS UP

Jakarta ANTARA NEWS BULLETIN in English 21 Jun 86 p A5

[Text] Jakarta, June 20 (ANTARA)--The value of Indonesia's liquefied natural gas (LNG) export in the first three months of this year rose by some five percent against the same period last year, statistics of the central bank Bank Indonesia showed.

The LNG export value in the January-March period rose to US$1,034 million this year from US$986.59 million last year.

About US$493.37 million worth of the exported LNG came from the Badak field in East Kalimantan and about US$540.77 million worth came from the Arun field in Aceh.

The bulk of the LNG export was shipped to Japan.

Non-oil export

Meanwhile, the value of non-oil commodity export in the same period rose by 0.07 percent this year compared with last year.

The non-oil export value rose to US$1,509 million in the first three months of 1986 from US$1,508 million in 1985.

The non-oil commodity export boils down as follows: timber products US$156.11 million, rubber US$89.33 million, handicrafts US$79.35 million, coffee US$78.34 million, shrimp US$40.47 million and tin US$34.49 million.

These goods were exported to the United States, Japan, the EEC countries, Hongkong, Singapore, South Korea, East European countries and the Middle East countries.

/9317
CSO: 4200/1243

INDONESIA

MINISTER ADMITS RICE OUTPUT MAY DROP

Jakarta ANTARA NEWS BULLETIN in English 7 Jul 86 p A4

[Text] Junior Minister for Boosting Rice Production Ir. Wardoyo admitted that rice production would probably fall this year due to the reduction of ricefields.

"But the drop of rice production will not threaten the rice self-help scheme provided that it will not last too long", he told the press after together with Minister of Agriculture Achmad Affandi met with President Soeharto in Bina Graha Monday.

He said that in this dry season ricefield acrage was only 1.26 million hectares a reduction of 1.46 million hectares from last year.

But the acreage of second crops fields was extended by one million hectares, he added.

The two agriculture officials reported to the head of state the results of a coordinating meeting in Ujungpandang, South Sulawesi last week and their planned visit to Rome to attend the Asia Pacific FAO regional meeting in Rome.

Wardoyo said that he noted on the difference of rice production figures between BPS (Central Bureau of Statistics) and the regional agricultural offices. "This must be checked and discussed again, enabling us to have an accurate and reliable data", he added.

On rice production Wardoyo cannot confirm whether it would drop or not, but the second crops production would have a sharp rise, particularly maize and soybeans.

/12828
CSO: 4200/1261

NUCLEAR POWER SAID NOT NEEDED FOR ELECTRICITY UNTIL 2010

Jakarta ANTARA NEWS BULLETIN in English 9 Jul 86 p A2

[Text] President Director of the state electricity company, PLN, Sardjono is of the opinion that coal still holds the major role in the provision of electric energy in the future and nuclear-powered electricity will not be needed until the year 2010.

This was stated by Sardjono at an Indonesia-Britain seminar on nuclear energy here Tuesday.

He further said economic advantages on the use of nuclear energy can only be gained if the nuclear-powered electricity can offer an 8.0 per cent rate reduction or the price of coal increases by 2.0 per cent annually.

The advantage can also be obtained if the basic cost for coal-powered electricity totals more than 20 per cent.

Sensitivity studies showed that even a 10 per cent increase in the basic capital of nuclear units will erase the economic advantage.

In the long term electric energy development, it is estimated that the need of electric energy will be noted at 7,188 megawatt in 1995 and 11,003 megawatt in the year 2000.

In the year 2005 and 2010 the need will reach 16,128 megawatt and 23,544 megawatt respectively which will all be fulfilled by geothermal, water, steam, coal/oil and turbine gas energy.

The seminar is attended by 100 participants from Indonesia and Britain and will last until July 9,

Present at the opening ceremony were the director general of BATAN (National Atomic Energy Board) Djali Ahimsa and the British Ambassador to Indonesia.

/12828
CSO: 4200/1261

MALAYSIA

BERJAYA PARTY TO QUIT BARISAN NASIONAL

BK201215 Kuala Lumpur Domestic Service in English 1130 GMT 20 Jul 86

[Text] Berjaya, which was allocated only one parliamentary seat to contest in Sabah in the coming general elections, today declared it will quit the Barisan Nasional, citing restructuring purposes as the reason. Berjaya President Datuk Haji Mohamed Noor Soor said the Berjaya Supreme Council arrived at the decision as it was meeting at the party headquarters in Kota Kinabalu this afternoon. He said an official letter on the pullout would be sent to Barisan Nasional Chairman Datuk Sri Dr Mahathir Mohamed tomorrow. He was speaking to reporters after chairing the meeting. He said the party wanted to leave the Barisan Nasional due to reorganization purposes and rejected the suggestion that the reason was the seat allocation.

Datuk Haji Mohamed Nor said recent events in the party had compelled its leaders to make this decision so as to rehabilitate the party. He said Berjaya felt it had to take the action because rebuilding the party will take a long time, with several factors having to be considered. On whether Berjaya would contest in the coming election, he said it just might and if it made a decision to do so, it would not cooperate with any party. He stressed that Berjaya was not boycotting the general elections and said that making a decision to resign from the Barisan Nasional and to take part in the elections, was the right of any citizen in this country. Berjaya was admitted into the Barisan Nasional in 1977 after toppling USNO [United Sabah National Organization] in the 1976 elections.

Meanwhile, Chief Minister Datuk Joseph Pairin Kitingan said the Sabah Barisan Nasional was ready to face the general elections and was confident of a clean sweep despite the pullout of its original member Berjaya. Datuk Pairin, who is also state Barisan Nasional chairman, said he would call a state Barisan Nasional committee meeting to discuss and decide on the candidates to be fielded for the 20 parliamentary seats. He was speaking to reporters in Kota Kinabalu on his return from Johor Baharu where he attended the wedding of the Tengku Mahkota [crown prince] of Pahang and the Yang Dipertuan Agong's [paramount ruler's] third daughter. He said the list of candidates would be finalized and sent to the Barisan Nasional headquarters in Kuala Lumpur. He said the state Barisan Nasional's decision to allocate 14 parliamentary seats to PBS [Party Bersatu Sabah], five to USNO, and one to Berjaya was accepted at the federal Berisan Nasional Supreme Council meeting recently.

/8918
CSO: 4200/1256

OPPOSITION PARTY ISSUES ELECTION MANIFESTO

BK230829 Kuala Lumpur NEW STRAITS TIMES in English 21 Jul 86 p 3

[Text] Petaling Jaya, Sun [20 July]--The DAP [Democratic Action Party] has drawn up a 20-point manifesto for the general election which among other things focuses on denying the Barisan Nasional a two-third majority.

DAP deputy Secretary-General Lee Lam Thye, who released the manifesto at a press conference today, said the Barisan Nasional which scored a landslide win in 1982 did not use the majority to build a united Malaysia and people.

People "should deny the Barisan Nasional a two-third majority to defend and preserve democracy and fundamental rights in Malaysia."

"Our slogan for the election, Enough is Enough: No More Two-Third Majority!, reflects our aim of denying the Barisan Nasional an overwhelming parliamentary majority," Mr Lee said.

The Barisan Nasional government has mismanaged the Malaysian economy, resulting in retrenchment and unemployment, especially graduate unemployment, in Malaysia.

The manifesto states that the DAP will, among other things, seek to:

--Repeal repressive laws like the Internal Security Act, the Official Secrets Act, the Pringing Presses and Publications Act and the Universities and the University Colleges Act;

--Revoke the four Proclamations of Emergency of 1964, 1966, 1969, 1977;

--Amend the Constitution to entrench and protect parental right to custody and control over their children below 18 years so as to bring to an end incidents of non-Muslim minors being converted to Islam without parental consent or knowledge;

--End the division of Malaysians into Bumiputeras [indigenous] and non-Bumiputeras and consider all Malaysians, regardless of race, religion or region, as first-calss citizens;

--Deport illegal immigrants and launch a nation-wide verification exercise to flush out the hundreds of thousands of illegals who have acquired fraudulent identification, citizenship and voting rights;

--Terminate the New Economic Policy and its policy of Bumiputera quotas and percentages in 1990;

--Increase the number of local universities and approve the establishment of local universities;

--Establish a Royal Commission of Inquiry into the labor laws in Malaysia to repeal all anti-labour provisions; and

--Chart an independent and non-aligned foreign policy to protect Malaysia's national sovereignty and promote world peace.

/8918
CSO: 4200/1156

ASEAN DIPLOMATIC EFFORT ON CAMBODIA VIEWED

BK211248 Kuala Lumpur International Service in English 0800 GMT 21 Jul 86

[Station commentary]

[Text] ASEAN is determined to win more international support for its decision on Cambodia. With two important world gatherings looming close, namely the nonaligned summit conference and the UN General Assembly, it is vital to counter the massive propaganda campaign that has been launched by the Soviet Union in support of Vietnam's occupation of Cambodia. ASEAN has no reason whatsoever to doubt that a very large segment of the international community will, as in previous years, continue to vote for its viewpoint on the Cambodian crisis. At the same time, in world affairs with so many vital issues competing for the attention of governments and peoples, it is in the interest of world peace and stability to urge for a speedy settlement in Cambodia.

It is to the Third World missions in particular that ASEAN will address its diplomatic moves. Vietnam managed to win widespread support with its war against American intervention. At the same time, Soviet and Vietnamese propaganda efforts have consistently played up the excesses of the Pol Pot regime in Cambodia during the period 1975 to 1979, using that unfortunate era as justification for present day Vietnamese policies. It is also important that the Afro-Asian and Pacific bloc of nations who comprise the majority of the nonaligned members as well as the UN membership should know the realities of certain neocolonial policies practised by Vietnam. ASEAN has patiently and persistently tried to negotiate with Vietnam to work out a political solution to the continuing crisis. There were times when it seemed that Vietnam was on the verge of making a positive move to begin a new era in its relations with its ASEAN neighbors. However, inevitably every overture ended in either a stalemate or an indefinite postponement.

The world also needs to be aware of yet another dimension to the Cambodian crisis. Thailand has had, owing to its geographical proximity to Cambodia, to be on a constant state of alert in view of the presence of Vietnamese forces on its border. From time to time, the Vietnamese forces have crossed the border into Thai territory and caused alarm among Thai villagers and Cambodian refugees. This is a war of nerves that could easily deteriorate into a form of slow motion aggression that can threaten further the peace and stability of the entire Southeast Asian region. Only last week it was reported that Thai forces were preparing to push back Vietnamese troops who had crossed over from Cambodia in search of Cambodian resistance units. Vietnam still maintains a force of about 140,000 in Cambodia. There is little credibility in Vietnamese publicity about troop withdrawals from Cambodia. The only withdrawal of people from Cambodia is the exodus of refugees who prefer to seek asylum in Thailand and eventual resettlement in third countries. The prospect of making a living in Vietnamese-dominated Cambodia is not something that attracts them.

ASEAN is confident that world public opinion will see the validity of its posture on Cambodia.

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COMMENTARY VIEWS FOREIGN POLICY, UPCOMING ELECTION

BK221203 Kuala Lumpur International Service in English 0800 GMT 22 Jul 86

[Station commentary]

[Text] The Malaysian federal parliament has been dissolved and the people of Malaysia will go to the polling booths on 2 and 3 August. Overseas, there is bound to be much interest in the foreign policy posture of the various political parties that are contesting elections. There are really no controversial positions in respect of external relations issues among the political parties. The ruling party of Malaysia, from the time of Merdeka or independence was gained, has been the Alliance and later the Barisan Nasional, a coalition of a number of parties, representing various sections of the Malaysian communities.

However, there is an identity of outlook on foreign policy matters between the ruling Barisan Nasional, or National Front, and the opposition parties. It would therefore be correct to speak of a nonpartisan attitude toward external relations, irrespective of the views held on domestic or internal issues.

Successive National Front governments have evolved a foreign relations policy to reflect Malaysia's interests in international peace and security, apart from the reality of its geopolitics. Therefore, Malaysia attaches priority to ASEAN and it plays a vital role in strengthening the economic and political ties to make intra-ASEAN cooperation more meaningful. All Malaysian parties support the ASEAN commitments and the ASEAN policy of seeking a political solution to the Cambodian problem.

In respect of external economic relations too, there is uniformity outlook. All parties value the contributions that foreign investment can make, not only for employment opportunities but also for the transfer of technology. This has contributed to a very stable and healthy investment climate that all parties would like to see continuously.

There is a cluster of international issues which receives widespread support from not only Malaysian political parties, but also voluntary associations and other citizen groups. The issue of apartheid and the recent boycott of the Commonwealth Games in Edinburgh is but one example. Malaysians of all political persuasion support the uncompromising stand taken by the prime minister, Mahathir Mohamed, toward the racist South African regime. Similarly, there is enthusiasm for the establishment of a permanent commission of the South. All parties are aware of the leadership role of the Malaysian prime minister in respect of Antarctica and the importance of treating its resources as the heritage of all mankind. Similarly, there is universal endorsement of the evolution of a new international economic order and the goal of fair and equitable prices for all primary commodities.

The entire Malaysian community has been feeling the impact of the world recession and the adverse consequences of protectionism in the industrialized nations. Therefore, there is much interest in measures aimed at expanding export trade and in tapping the potentials in tourism and other services. All Malaysian parties sympathize with the people of Palestine and their aspirations for a homeland free of foreign domination.

It is a foregone conclusion that the Barisan Nasional will be once more at the helm of the ship of state. There will be continuity and stability in Malaysian foreign policy after the forthcoming general election.

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MALAYSIA

BRIEFS

RADIO, TV PROVIDES ELECTION COVERAGE--Sitiawan, Sat [19 July]--Radio and Television Malaysia (RTM) will provide full coverage of the general election, especially the announcement of the results. Deputy Information Minister Ng Cheng Kuai said today that as in previous general elections, the results would be relayed over television as they become known to keep the public informed. Speaking to reporters after the presentation of a special grant to Sekolah Menengah Jenis Kebangsaan Nan Hwa here, he said he was not sure if any political party would be allowed to present "political ceramahs" [lectures] over RTM this time. Mr Ng, who is member of Parliament Lumut and Barisan Nasional head there, said his constituency was ready for the general election. --Bernama. [Text] [Kuala Lumpur NEW STRAITS TIMES in English 20 Jul 86 p 1 BK] /8918

CSO: 4200/1256

POLITICAL REPORTER ON 'DEMISE' OF ANZUS SPIRIT

HK130551 Wellington THE EVENING POST in English 8 Jul 86 p 6

["Weekwatch" by Chief Political Reporter Tony Garnier: "Treaty Without a Spirit"]

[Text] ANZUS is dead, long live ANZUS! That seems to be the upshot of the latest slogging match between Wellington and Washington on the operational status of the trilateral defence treaty.

When the mishmash of fiction, half-truth and occasional fact which highlighted the latest exchanges is stripped away, then, as Deputy Prime Minister Geoffrey Palmer put it, "really nothing has changed."

The treaty still exists and none of the three members has announced plans to withdraw or even to change the wording of the document as signed in 1951.

So far so good. The treaty will remain. But there is, as with all treaties from Waitangi to ANZUS, a "spirit" or undefined code of appreciation, conduct the principle under which the treaty can be made to operate or not operate.

There can now be little doubt that the ANZUS spirit is dead.

Its demise has created a defence vacuum which may or may not be easily filled.

The defence review, due to report to government shortly, may come up with a new defence policy attractive to the government and New Zealand people. The ANZAC [Australia-New Zealand] defence spirit may be strengthened in a more formalised [word indistinct] defence arrangement. New Zealand may shift the focus of its defence and security away from the Western umbrella to identify more as a non-aligned nation. We could adopt an isolationist role. And it is equally possible that the shape of future defence policy will be dictated by global trends and pressures, as much from the United States as from actions of the Soviet Union, Britain or even the other superpower with a Pacific presence, France.

There are numerous alternatives to ANZUS for New Zealand to explore and choose from in Pursuing an independent foreign and defence policy. However, it seems more debate and ANZUS scrubcutting is needed ofr a clear policy path to emerge.

The spirit of ANZUS was fuelled in the 1950's against a backdrop that included the Korean War, the victory of communist forces in China in 1949, and the ending of allied occupation in Japan with a peace treaty under which future Japanese rearmament was not ruled out. As an adjunct to the treaty with Japan, Australia with New Zealand support, sought a guarantee of U.S. defence help in case of a resurgence of Japanese militarism.

The ANZUS Treaty was born, but even at that stage its real worth was questionable. The U.S. qualified its "guarantees." When the treaty faced Congressional approval in 1951, a key figure in its negotiation, John Foster Dulles, testified that "there is no question at all of the U.S. ever sending any troops to Australia and New Zealand." What the ANZACS really wanted was "to have some appearance, at least, of a shield around them at home of sea and air power," he said.

The spirit of ANZUS was nonetheless enshrined in a treaty with three main but clearly "soft option" clauses:

--That the parties are formally only bound to consult together.

--That action under the treaty by any party is conditional on approval through its constitutional processes.

--That the treaty relates only to threats or attacks "in the Pacific area."

The treaty has never been invoked, not even during the Vietnam hostilities of the 1960's and 70's. And, plainly, the focus of "threat" under which it conceivably might be one day invoked has shifted from fear of Japanese militarism to concern at Soviet expansionism in the Pacific, particularly from its new Vietnam naval base at Cam Ranh Bay.

In fact, the formal treaty has had far less significance than the many "understandings" and "arrangements" introduced "within the spirit of ANZUS." This has been the operational heart of ANZUS--a network of military interchanges, joint exercises, training, communication and intelligence sharing which has been killed off.

There is even an ANZUS corridor within the huge Pentagon complex in Washington.

Within the spirit of ANZUS, New Zealand (and Australian) militarists developed a valuable and congenial interchange. But whether it has really helped "guarantee our security" is debatable.

Like the Soviet Union, the U.S. has, in recent years, expanded militarily in the Pacific. With the huge growth in nuclear armaments, the U.S. has made it obvious to Wellington (and Canberra?) that the rationale for ANZUS in Washington's eyes is its ability to expand the military aspects of nuclear weaponry. In U.S. eyes the spirit of ANZUS embraces acceptance of this point of view.

U.S. Secretary of State George Shultz apparently made this clear to Prime Minister David Lange during the recent Manila meeting. As Mr Palmer reported at a post-cabinet conference, "Mr Shultz (had) said that there were inevitably occasions on which we would have to accept nuclear weapons in New Zealand."

However, against this "understanding" from the U.S. view of the ANZUS spirit, must be placed the hedge it has on whether it would come to New Zealand's aid if called upon.

From the U.S. view, it appears the spirit of ANZUS, 35 years on, still does not include a guarantee to commit defence help in a real emergency.

Mr Palmer alluded to this point when he quoted an updated assessment of U.S. defence strategy by its Defnece Secratary Caspar Weinberger earlier this year.

Mr Weinberger said the Reagan Administration had taken office in 1981 committed to rebuilding American global military power necessary for stable deterrence. And he reaffirmed the 1969 Nixon or Guam Doctrine of the post-Vietnam era that the U.S. "should not commit forces to combat unless our vital interests are at stake," drawing on the point of the ANZUS treaty document requiring prior approval of the Congress.

In short, the U.S. "understanding" of the spirit of ANZUS is that it provides only a tenuous guarantee to ensure our security. Long before the nuclear issue arose, it was one of the main New Zealand (and Australian) question marks hanging over the debate of ANZUS' usefulness, specially after the Vietnam failures.

Reports from Australia claim it is a key factor in the Australian defence review. They accept the need for greater defence capability and self-sufficiency. It is a presumption to rely totally on the U.S. helping out. There is also an Indian Ocean element to Australian defence, not covered by the ANZUS Treaty.

More recently, of course, New Zealand has added a second hedge to the spirit of ANZUS. Successive governments have claimed that ANZUS is a conventional defence agreement, not a nuclear alliance. The U.S. has disputed this view.

Opinion pol and defence review submissions plainly show New Zealanders want no part of nuclear defence strategies. They don't support a doctrine of nuclear weapons deterrence through ANZUS, it seems.

At best, the ANZUS Treaty and its spirit has been a spotted paper tiger, a convenient vehicle for respective partners to advance their self interests. But the treaty has never been invoked, and with changing perceptions of defence needs, the ANZUS spirit has eroded.

New Zealand has its Canberra Pact with Australia to fall back on and perhaps develop further. Australia and the U.S. seem to be heading towards their own bilateral Canberra-Washington Pact, perhaps when their defence leaders meet in San Francisco next month.

In the absence of a real "threat" to the peace and security in the Pacific area, ANZUS could fizzle into obscurity.

The ANZUS spirit will remain dead and buried, and the treaty will stay "inoperable," as it has done since 1951.

However, the ANZUS spirit should not be confused with, or taken to be, a total measure of the state of the NZ-U.S. bilateral relationship. They are different.

The natural affinity between New Zealanders and Americans is self-evident without any formal alliance, just as the rivalry between New Zealanders and Australians is obvious, despite the ANZAC spirit and CER. [expansion unknown]

Mr Lange attended the U.S. July 4 celebrations in Wellington last week. There was some frost in the air, some of those present have reported, but the will to co-operate, even in defence, was re-stated.

Mr Lange has repeatedly said that the government's anti-nuclear stance is not mutually incompatible with maintaining friendly relations with the U.S.

And despite the demise of the ANZUS spirit and understandings evident at the Manila meeting with Shultz, Mr Lange has also found scope to link arms to hit out at the Soviet Union.

A WASHINGTON POST report of the Lange-Shultz meeting stated that while U.S. officials said there seemed to be no direct Soviet threat to NZ, Mr Shultz claimed the Soviets "are actively trying to increase their influence in the Pacific islands north and west of New Zealand."

In Adelaide a day or so later, Mr Lange agreed with Mr Shultz but denied that the Anzus row with the U.S. was helping the Soviets. He accused the Soviet Union of having a long-term aim of subversion in the South Pacific and of using fishing agreements with impoverished island nations as a means of doing that.

The question for the West (that is, the U.S. and allies), the PM suggested, was whether to allow the Soviet influence to increase or should it take economic steps to support the small Pacific nations so they didn't need to depend "on contrived de facto aid from the Soviet Union."

It is difficult to imagine a more pro-ANZUS sentiment. In one sense ANZUS, as a nuclear alliance, is dead, but in another sense, to meet the Soviet "threat," ANZUS is still alive and kicking.

New Zealand is to ANZUS and South Pacific defence what France is to NATO and Western Europe's defence--it prefers to remain unfettered, with the same impulse for freedom of action but oblivious to the contradictions.

It is the perfect example of New Zealand democracy at work. First you infuriate Washington by challenging ANZUS, then you lash out at Moscow for subverting our South Pacific patch. What could be more even-handed diplomacy than that?

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PAPER REFLECTS ON RELEASE OF FRENCH AGENTS

HK170621 Wellington THE EVENING POST in English 12 Jul 86 p 8

[Editorial: "Rhetoric is No Defense"]

[Text] After months of making statements he must now regret, the prime minister, Mr Lange, acted in the country's broader interests by accepting the necessity for a deal with the French.

Nationalism is still the most potent form of political magic and our nationalistic sentiments were roused by the French incursion and the bizarre attack on the Rainbow Warrior. Although our moral position was impregnable our economic position in relation to the French and their partners in the EEC was weak.

The result was that the threat of economic sanctions was shown to work for possibly the first time in diplomatic history.

While our former Allies in the Western Alliance allowed their distaste for our anti-nuclear policy to mute their expressions of support for our sense of outrage, it was apparently not politically possible for the prime minister to minimise the long-term danger to the government's credibility by pointing out that terrorism is a worldwide problem and at the end of the day states still have to do business with each other.

Now reality has supervened--as it always will--and we have a basically satisfactory solution provided Mr Lange's and Mr Moore's unfortunate claims about the non-negotiability of our sovereignty can be forgiven and forgotten. In accepting that they have had to eat their words senior members of the government have acted in the country's interests if not in the interests of their own immediate political comfort.

Is it too much to hope that they can now accept some form of assistance in settling our arguments with the whole Western alliance?

We have had a painful reminder that moral armour is no protection in a wicked world. While our old friends like the British and the Americans are more patient than the French, it is hard to believe that they will be prepared to continue for much longer their protection of our trading interests while their ships are banned from our ports. The irony of Mrs Thatcher defending our butter market from attacks by one of her own back-benchers should not be lost on us.

It would be unrealistic to expect this support to continue, just as it would be unrealistic to assume that the Americans will leave their base facilities at Harewood. While the removal of this base may appease anti-American sentiment, is it in the larger interests of the country or of the hard-pressed South Island job market?

This is an uncomfortable time to be a New Zealander. We are uneasy with ourselves and at odds with our natural friends in the Pacific, the Asean countries, North America and Europe.

The government--perhaps to its own surprise--tapped a reservoir of anti-American and anti-British feeling but there is no future for us in trying to compensate for our smallness by trying to act as moral adviser to the rest of the world. It is not a sustainable role. Instead we will become just another Pacific territory doing international business through the good offices of the Australians. What is at stake now is our relevance.

The need for the French solution should be a warning that a fog of rhetoric is no defence against real problems and in our own interests we should seek to repair our standing with our old friends and allies.

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AQUINO PROMOTES TWO OFFICERS TO MAJOR GENERAL

HK080916 Manila THE MANILA EVENING POST in English 4 Jul 86 pp 1,3

[Text] President Aquino yesterday promoted two more officers in the new Armed Forces of the Philippines [AFP] even as she emphasized that the key strategy of her government's national security plan was to relegate the military to the background and put the brunt on people's participation.

Promoted to major generals were Renato de Villa, PC [Philippine Constabulary] chief, and Eduardo Ermita of the Philippine Army, both of them former brigadier generals.

Based on emerging trends, Aquino is inclined to give military promotions in twos, the way she simultaneously elevated the ranks of now Maj. Gen. Salvador Mison and Rear Adm. Servillano Martillano last week.

The Ministry of National Defense and the Office of the AFP chief of staff reortedly recommended for promotion 40 officers from the different services.

In the two events sponsored by the military establishment, Aquino described her national security program as one that would not go after rebels with hammer and tongs and would keep "the people at arm's length--or 'Armalite's' length--or of erecting higher walls or denser barbed wire fences, but of bringing the people in to join us in a united effort to protect the liberaties and institutions we all cherish."

At the concluding ceremonies of the civil military seminar-workshop at Camp Aquinaldo Quezon City, Aquino quoted a passage from the book "The Second Principle of Counterinsurgency," which, she said, underlines the philosophy of her national strategy plan.

The passage from the book she said Defense Minister Juan Ponce Enrile gave her, reads: "There is a very strong temptation in dealing both with terrorism and with guerrilla action for government forces to act outside the law, excuses being that the processes of law are too cumbersome, that the normasafeguards in the law for the individual are not designed for an insurgency and that a terrorist deserves to be treated as an outlaw anyway. Not only is this morally wrong, but also over a period, it will create more practical difficulties for a government that it solves."

The principle is clear, Aquino pointed out. "We cannot fight a good cause with evil weapons."

She had given the same message earlier when she spoke before the graduates of the 20th regular class of the Master in National Security Administration (MNSA) course at the National Defense College of the Philippines (NDCP) in Fort Bonifacio, Makati.

Aquino said "our new armed forces must now wage peace."

She pointed to the "most valuable lessons in national security and defense" taguth at the "crash course held at EDSA last February."

"There, at the height of our snap revolution," Squino said "both civilian and our men in uniform learned the higher, more sophisticated techniques of keeping the peace, maintaining order and securing not only the interests of government but also the collective well-being of all Filipinos."

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CSO: 4200/1241

PHILIPPINES

RAM 'PLOT' TO DISCREDIT CABINET MEMBERS ALLEGED

HK080759 Quezon City ANG PAHAYAGANG MALAYA in English 30 Jun 86 pp 1, 7

[Article by staff member Joel C. Paredes]

[Text] A faction of the Reform the Armed Forces Movement (RAM) is behind the plot to discredit members of the Aquino Cabinet who were critical of the military's alleged human rights violations, sources said yesterday.

Highly-placed Cabinet sources told MALAYA that RAM officials were even "floating ideas of communists in the (Aquino) Cabinet."

The same sources noted that among the "targets" of the elite group were Executive Secretary Joken Arroyo and Presidential Spokesman Rene Saguisag, since the group thought they were "very influential" on the President's decision-making and major policies.

"RAM is playing politics and this is dangerous," remarked a ranking Aquino government official who requested anonymity.

In fact, the official said RAM has been trying to sow "rumors" that at least 40 percent of the new officials in the Aquino Government are communists or sympathetic to them.

Sources said some RAM members were critical of some officials, particularly Saguisag and Arroyo, since they were former human rights lawyers who had evidence implicating some military officers who had joined the elite group in the armed forces shortly before ex-President Marcos' downfall in February.

Press reports last week had quoted sources close to RAM as saying that they were blaming President Aquino's advisers and Malacanang's "Little Indians" for allegedly sitting on the recommendation of defense and military officials to promote 40 senior armed forces officers.

Sources noted that RAM was trying to link up with Information Minister Teodoro Locsin Jr as their "connection" at the Palace, since they reportedly believed he was a "novice" in politics.

Locsin noted that they were not discussing politics, although he admitted his friends at the RAM were giving him tips on how the government should combat the 17-year-old communist insurgency.

Locsin said he advised his friends at the RAM nto to believe in rumors of Cabinet and other government agencies being infiltrated by communists.

"I hope you guys don't believe in that 'cause if you do you have a poor intelligence network," Locsin reportedly remarked in a meeting with RAM friends, among them Colonels Gregorio "Gringo" Honasan and Red Kapunan.

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CSO: 4200/1241

RUMORED CABINET 'RIFT' KNOCKS STOCK PRICES

HK180149 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 17 Jul 86 p 9

[Text] Prices of blue-chip or favorite stocks yesterday staged a sharp retreat, which stockbrokers traced to the brewing political storm reportedly triggered by the growing rift between two top members of the Aquino government.

The stock averages in the Manila and Makati stock exchanges registered declines prematurely putting at end the beginnings of a booming market.

Favorite stocks PLDT [Philippine Long Distance Telephone Company], San Miguel and Benguet shed-off gains accumulated the past trading days as jittery investors started to liquidate their holdings.

According to market old hands, the rift between Executive Secretary Joker Arroyo and Defense Minister Juan Ponce Enrile appeared to have dampened the interests of investors to hold on to their investments.

"What scared them most," one market source noted, "were the speculations of an open confrontation between the Arroyo and Enrile camps within the next 60 days, which many had perceived to be a 'bloody' one."

The Arroyo-Enrile rift was pushed to the surface by the failed attempt last week of former MP Arturo Tolentino to organize his own government, which the Arroyo camp had reportedly claimed would not have happened without the "support" of the defense minister.

Enrile, on the other hand, had been critical of what he described as the "invasion" by the communist bloc of the Cabinet and key posts in government.

Certain officials in the Aquino government had earlier admitted that the running feud between Arroyo's left-leaning camp and the military establishment represented by Enrile had stalled the implementation of the government's economic recovery program and the peace talks initiated by President Aquino with the Communist Party of the Philippines (CPP).

At the Manila Stock Exchange (MSE) yesterday, 17 of the 43 traded issues suffered losses while 11 notched price gains.

PLDT lost P3 when it closed at P152, while San Miguel A shed-off P0.50 by closing at P50. San Miguel B closed lower at P62 from Tuesday's P64.

Benguet A, which had lately started to move up, closed the day at P31.50 or P2 lower than its Tuesday closing quote of P33.50.

Other stocks that suffered losses were Fertilizer, First Holdings A and B, Globe-Mackay, PNCC and Sime Darby.

The exchange's volume turnover for the day reached 179,169,880 traded shares worth P32,565,825.

The commercial-industrial index was down 13.13 at 375.26, so was the mining average that fell 10.09 to 1,175.06. The oil sector closed .027 lower at 1.116.

Over at the suburban Makati bourse, 14 of the 25 traded issues suffered reverses and only three positing price advances. The day's volume totaled 149,068,380 valued at P31,898,455.

The exchange's composite average dropped .4457 to 39.9773 because of the declines in all the stock indices.

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CSO: 4200/1241

MINDANAO OIC, EX-GOVERNORS' POWER STRUGGLE HIGHLIGHTED

HK210957 Quezon City NEW DAY in English 21 Jul 86 p 2

[Text] The recent round of kidnappings in Lanao del Sur has enabled the province's formerly willy-nilly OIC [Officer-in-charge], Saidamen Pangarungan, to barge into the scoreboard in the ongoing political tussle between two former Lanao del Sur governors, Muhammad Ali Dimaporo and Princess Tarhata Lucman.

The object of this unique and somewhat deadly political exercise is to try to "persuade" the government--and the public as well--who really has the right, the capability and the political muscle to sit as governor, observers said.

The one who racks up the most "successful releases" of kidnap victims by alleged terrorists, wins the game. Princess Lucman and Dimaporo lead Pangarungan with two points apiece (inasmuch as they split the achievement of successfuly negotiating the release of French priest Fr. Michelle Gigord and American pastor, Rev. Brian Lawrence).

Pangarungan was given no chance to even score a single point early in the ballgame until last Thursday when he produced the 10 Carmelite nuns after negotiating with their kidnappers deep in the jungle fastness of Lumbayanagi town about 40 kilometers from Marawi City. The fact that he may have paid a ransom of P200,000 for the nuns' freedom does not detract from Pangarungan's feat. He landed on the scoreboard with 10 points, and served explicit warning that he is also a force to reckon in the province.

But the military and the national leadership aren't amused anymore about their little game. Dimaporo, in fact, may soon find himself in hot water as the military has not ruled out the possibility of his participation in all of the three kidnappings (Gigord's, the 10 nuns' and Lawrence's).

According to intelligence reports, Ismael Dimaporo, the elder Dimaporo's nephew and leader of a band of "Barracudas" (the popular term for Dimaporo's private army), engineered the kidnappings of both Gigord and Lawrence.

Emissaries led by Pangarungan's and RUC [Regional Unified Command] 12 commander, Brig. Gen. Rodrigo Gutang, claim to have spotted and identified

Commander Bacat Gadia Dimaporo, a leading "Barracuda" chief, sitting beside the head of the kidnappers, Aragasi Pasandalan, during the negotiations for the presence of one of the top "Barracuda" commanders heightened the military's suspicion that former Governor Dimaporo indeed had a hand in the kidnappings.

"He wasn't there for a neighborly visit, I can guarantee you that," noted one military source who declined to be identified.

For his part, the former political warlord who is loyal to ex-president Ferdinand Marcos borders [as published], denies that he is involved in the kidnappings. "This is the work of my detractors who continue to convict me in the newspapers," Dimaporo said in a prepared statement. "In fact, I am calling for the unity of all the people of Mindanao to annihilate all the kidnappers in the area. I have never terrorized anyone in all my forty years in "public service and I dare anybody to prove otherwise."

Princess Lucman, on the other hand, has been very vocal about hew views that only she can effect peace and order in Lanao del Sur if she is installed as governor. She claimed that Pangarungan is largely ineffective in this task because "the people here seldom listen to him" while Dimaporo rules "by the use of terror."

In fact, upon effecting the release of Gigord several weeks ago, Lucman could not help but cite Pangarungan's "inability" to resolve the kidnapping and negotiate for the priest's release.

"My people can no longer wait," she said recently. "The call to arms becomes more and more appealing to them with each day that this government refuses to move."

Both Dimaporo and Lucman, however, cannot now claim that they are the only ones who can effect the release of kidnap victims. "I've got to hand it to the guy (Pangarungan), "the same military source commented. "He knew he had to do something fast or he might as well kiss the Lanao del Sur governorship goodbye. Surprisingly though, he delivered."

Given the temperament of the Muslim populace and the peculiar three-pronged political forces that now threaten to tear it apart, Lanao del Sur remains volatile.

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CSO: 4200/1241

REORGANIZATION COMMITTEE WANTS 4 AGENCIES DROPPED

HK150405 Quezon City BUSINESS DAY in English 14 Jul 86 p 20

[Article by Alejandro V. Almazan]

[Text] President Corazon C. Aquino has been asked to abolish four government ministers, create nine new offices, and reorganize 11 others.

Minister Luis Villafuerte of the Presidiential Commission on Government Reorganization (PCGR) made this recommendation in a confidential report to President Aquino. The report dated June 11, 1986 was the result of PCGR's comprehensive study on goverment reorganization.

Recommended for abolition are the Ministry of Human Settlements, Ministry of Information, Ministry of Tourism and General Services Administration.

The Villafuerte report said the functions of these ministries will have "to be dismantled and transferred to appropriate agencies or privatized" for the sake of efficiency and economy.

Proposed for reorganization, meaning functions would have to be reduced are: Executive Office; President's Personal Office; Ministry of National Defense; Ministry of Education, Culture and Sports; Securities and Exchange Commission, and Ministry of Social Services and Development.

The government agencies recommended for strengthening are Ministry of Local Governments, Ministry of Trade and Industry, Office of Muslim Affairs, National Science and Technology Authority and National Security Council.

The Office of Muslim Affairs would be reorganized into Office of Muslim and Tribal Filipinos.

The National Science and Technology Authority would be transformed into a Ministry of Science and Technology.

The PCGR recommended the creation of nine new agencies to enable the government to respond to special needs of the people and the specific concerns of specific constituencies.

Recommended for creation are: Ministry of Housing, Commission on Culture, Commission for the Urban Poor, Commission on Sports, Commission on National Records Management, Presidential Press Office, National Statistical Coordinating Council, Presidential Advisory Council for Socio-Economic Development and National Communications Agency.

The rest of the government's agencies and ministries would be retained and their functions streamlined, the Villafuerte commission said.

These include the Office of the Budget and Management, National Economic and Development Authority, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Health, Ministry of Labor and Employment, Ministry of Agriculture and Food, Ministry of Agrarian Reform, Ministry of Public Works and Highways, Ministry of Transportation and Communications and Ministry of Energy.

The PCGR report said the adoption of these recommendations aim to provide a network of inter-relationships among ministries for a balanced distribution of power and a check and balance mechanism against abuse.

Such a setup will provide a clear line of command from ministries to the presidency resulting in a well-defined accountability of ministry performance.

It will also result in a lean government that will concentrate on the delivery of services to the people, the Villafuerte report said.

On the other hand, PCGR noted that a number of problems could emerge in the implementation of the recommendations.

For one, carrying out the proposals could lead to the dislocation of government personnel that would contribute to the present unemployment crisis.

Problems could also arise from some ministers and heads of agencies facing a loss of or reduction in powers.

Anticipating the problems that could arise from the loss of powers by some ministers; FCGR proposed that new responsibilities and assignments may be given to ministers whose functions may be reduced or eliminated.

The PCGR report outlined how the four ministries will be abolished.

For the Ministry of Human Settlements, it was recommended that its shelter functions of regulation, finance, production and marketing be spinned off into a new Ministry of Housing.

This proposal however has been superseded by a new recommendation recently submitted to the president asking for the creation of Housing and Urban Development Commission or Council instead of a Ministry of Housing.

The ministry's other function of livelihood development, regional operations, community development and special projects would be dismantled and transferred to the appropriate agencies.

For the Ministry of Information, it was suggested that its two functions of broadcast management and national and program information be transferred to two new offices.

The two offices which will be created to absorb these functions are the National Communication Agency and the Presidential Press Office.

The abolition of the Ministry of Tourism, in the meantime, will involve the transfer of its tourism promotion and tourism services function to the Ministry of Trade and Industry.

The dismantling of the General Services Administration will involve the transfer of its assets, liabilities, necessary personnel and records to the Bureau of Maintenance, Ministry of Public Works and Highways.

The reports further said if these proposals are accepted by the president, PCGR would proceed to its second phase of work.

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CSO: 4200/1241

REPORTAGE ON ACTIONS TAKEN BY CONSTITUTIONAL COMMISSION

Change to 'Open-party' System Approved

HK180243 Manila Far East Broadcasting Company in English 2300 GMT 17 Jul 86

[Text] The Constitutional Commission approved on second reading an article abolishing the two-party system in the 1973 constitution in favor of a free and open-party system that will evolve according to the free choice of the people. Former labor minister Blas Ople said this constitutional innovation will pave the way for a multiparty system that will stress party principles rather than personalities.

Teachers' Right To Join Unions Recommended

HK180437 Quezon City BUSINESS DAY in English 17 Jul 86 p 12

[Text] Government employes, including teachers, will be prohibited from staging a strike, but they can join labor unions and enter into collective bargaining to improve their lot.

This new provision was approved by the Constitutional Commission (Con-Com) on second reading of the draft provision on Civil Service Commission (CSC) last Tuesday night.

Another salient feature on the CSC provision is the ban on appointment of military officers and men in active service to a civilian position in government, including government-owned or controlled corporations.

The appointment of members of the Armed Forces of the Philippines who are in active duty has been a controversial issue particularly during the years of martial rule.

The approved CSC provision was drafted by the committee on constitutional bodies, chaired by newsman Vicente Foz.

The new magna carta of the government workers was approved by 33-1 votes. The lone dissenting vote was cast by Commissioner Ambrosio Padilla. He said the right to self-organization or to form unions might be abused to paralyze the operations of the government.

Opposition leader Blas F. Ople, who co-authored the amendatory provision with Commissioner Christine Tan, Jaime Tadeo, Minda Luz, Steward Quesada and Eulogio Lerum said the approval of the self-organization right effectively resolves a constitutional stalemate.

In the 1973 Constitution the right to self-organization was specified in the declaration of principles, while the provision on the civil service makes the more than 1.2 million government workers eligible to organize a union.

Ople, a former labor minister said, the right to organize does not necessarily mean the right to strike. In the same manner that the present law (Republic Act No 875) allows government workers to unionize but prohibits them from staging a strike.

Ople pointed out that the new provision will be "explicitly for government workers. This is so because previous governments have the "tendency to apply earlier laws to only the private sector employes."

The strike ban does not deprive the government employes the right to petition for redress against the government nor necessarily mean only to bargain for increased [words indistinct] author said.

The Con-com in plenary session also approved by unanimous vote an amendment introduced by Commissioner Ricardo Romulo to include tovernment corporations with original [word indistinct] within the scope of the civil service. To be exempted, however, are the subsidiary or second generation companies registered under the general corporation law.

Thus, the Government Service Insurance System will be covered by the civil service, but such companies which it owns as the Philippine Airlines, the Manila Hotel and the Hyatt Hotel will be covered instead by the labor code.

The Romulo amendment broke a legal question that resulted from a Supreme Court decision in NHA versus Juco case which placed government corporations under the civil service coverage regardless of whether they perform proprietary function or not.

Under the common provisions as approved, the three constitutional commissions--Civil Service, Elections and Audit--shall enjoy fiscal autonomy. Their approved annual appropriations are to be released "automatically and regularly."

The Con-Com approved on second reading an amendment mandating the future legislature to enact laws for the protection of casual or temporary workers in the government.

The amendment declared that future legislation must regularize the status of casual employes after a probation period, this is similar to a provision in the labor code which grants regular status to a casual workers after a continuous six month probationary status.

Safeguards Against State Excesses Reinforced

HK200005 Manila Far East Broadcasting Company in English 2300 GMT 18 Jul 86

[Text] At the Constitutional Commission [Con-Com] the members of the Constitutional Commission, still smarting from the oppression of the past regime, reinforced the rights of individuals from abuses of the state. In addition to time-honored rights of individuals entrenched in the 1935 and 1973 constitutions, the Con-Com adopted safeguards that would correct excesses experienced during the strong arm rule under martial law and the years immediately following it. The provision of the bill of rights seeks the abolition of the death penalty.

If the Con-Com committee on provisional [as heard] chaired by Flor Angel Rosario Braid were to be followed, the Philippine Constabulary will be abolished together with the paramilitary forces.

Commissioner Rosario submitted a draft provision mandating the establishment and maintenance of one police force which will be national in scope and civilian in character. It will be administered and controlled by the national police commission.

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CSO: 4200/1241

PHILIPPINES

REPORTAGE ON CRITICISM OF PCGG'S SEQUESTRATION POWERS

Accusation of Grave Abuse Leveled

HK161555 Manila MANILA BULLETIN in English 16 Jul 86 pp 1, 13

[Article by Rod L. Villa, Jr.]

[Excerpt] Leaders identified with President Aquino and the opposition took a common stand yesterday in condemning controversial Presidential Commission on Good Government (PCGG) at the Constitutional Commission.

Fr. Joaquin Bernas and Felicitas Aquino, both human rights leaders, and the four-man minority group led by Blas F. Ople decided to merge three "parallel" resolutions calling for the dismantling of the PCGG upon adoption of the new Constitution by yearend.

They accused the PCGG of grave abuse of sequestration and other powers in violation of the Freedom Constitution during a public hearing conducted by the amendments and transitory provisions committee headed by Jose Suarez Jr.

Their charges were supported by a testimony of Maria Clara Lobregat, president of the Philippine Coconut Producers Federation (Cocofed), who said that the PCGG committed serious violations of "due process and of human and property rights."

The committee resumes the public hearing tomorrow with testimonies by PCGG commissioners Raul Daza and Ramon Diaz, as well as Dakila Castro, lawyer of the sequestered Tourist Duty Free Shops.

Minister Criticizes Sequestration Order

HK180502 Quezon City BUSINESS DAY in English 17 Jul 86 p 7

[Text] Lucena City, July 16--Natural Resources Deputy Minister Bienvenido O. Marquez Jr. has assailed the sequestration by the Presidential Commission on Good Government of share-holdings of 1.4 million farmers in United Coconut Plants Bank (UCPB).

Marquez said it was all right for the PCGG to sequester UCPB shares held by Eduardo Conuangco Jr. and other Marcos cronies but not those of 1.4 million coconut farmers.

Marquez said the PCGG's offer of five directorial seats in the UCPB for farmers was done to please the farmers whose shares in the bank were sequestered against their will and consent.

The former assembly-man from Quezon said some members of the PCGG are abusing their powers and authority.

Paper Attacks Sequestration Powers

HK180137 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 17 Jul 86 p 4

[Editorial: "Clipping PCGG Powers"]

[Text] Like the genie that escaped from the fabled bottle, the Presidential Commission on Good Government [PCGG] is growing bigger and more menacing, and efforts thus far to contain it are proving futile.

The PCGG, for instance, has ruled that it can seize suspected ill-gotten wealth that is used as security for bank loans. It has, so its legal head declares, a superior claim over mortgaged properties which the commission suspects to have been acquired with ill-gotten wealth.

With the ruling, even deposits made by a government official or a government employe can be sequestered by the PCGG on the mere suspicion that the deposit is proceeds of ill-gotten wealth. Worse, there are even reports, undenied thus far, that even the law assuring the confidentiality of bank deposits has been repealed by the order creating the PCGG, again because of the superior claim of the state.

That these reports are causing--not merely contributing to--instability can no longer be denied. When the government or any of its instrumentalities usurp the rights or prerogatives of the banking community, the very stability of the entire system is threatened. As it is, local and foreign investors have to think more than twice; the PCGG, on mere suspicion, may freeze accounts and assets mortgaged to the banks, and once it does, there is really no telling when and where relief might come.

This stand should be re-examined. Hopefully, the Constitutional Commission is taking a long second look on the possible clash between the sequestration powers and the bill of rights.

As Fr. Joaquin Bernas says, the sequestration powers of the PCGG were granted with the understanding that they are covered by the bill of rights. Therefore, sequestration cannot be considered as an exemption from the bill of rights. The PCGG is no separate government. Not even its creators probably envisaged that the PCGG would now be wreaking that kind of havoc in our society.

PCGG Appeals to Concom

HK180239 Manila Far East Broadcasting Company in English 2300 GMT 17 Jul 86

[Text] The Presidential Commission on Good Government [PCGG] yesterday--appealed to the Constitutional Commission [Con-Com] not to clip its sequestration powers. The appeal was made by PCGG chairman Jovito Salonga during a Con-Com hearing on resolutions filed by opposition members Blas Ople and Joaquin Bernas, including Felicitas Aquino. Salonga, together with PCGG commissioners Raul Daza and Ramon Diaz, were invited by the Con-Com committee on amendments and transitory provisions chaired by Jose Suarez.

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CSO: 4200/1241

PCGG PLANS MAJOR REVAMP TO IMPROVE IMAGE

HK180539 Manila NEWS HERALD in English 17 Jul 86 pp 1, 6

[Article by Vic Sollorano]

[Text] All fiscal agents and officers-in-charge [OIC] appointed by the Presidential Commission on Good Government in the 219 entities it has sequestered will be recalled, signalling the first phase of a major revamp in the commission to spruce up its public image.

Commissioners Quintin Doromal yesterday said the PCGG operating teams (task forces) will be recalled in groups to:

Review their responsibility in relation to their mission orders, policies and procedures of the commission.

Review their conduct vis-a-vis complaints against them, and enforce appropriate action when warranted.

Update them on new policies and procedures and guidelines of the commission.

Impress upon them that the main responsibility of PCGG is safeguarding the assets of sequestered companies by preventing the transfer, concealment, destruction or dissipation of the assets.

Doromal said that any action of the OICs and fiscal agents, as well as other operating team members, inconsistent with their responsbility will not be tolerated by the commissions.

A review committee will handle the re-screening of these volunteers and make recommendations to PCGG Chairman Jovito R. Salonga. But the commission en banc will make the final decision.

Doromal, PCGG executive director Feliciano Cruz Jr., and newly appointed external affairs director Mel Morales are members of the committee.

A fiscal agent of the commission, handling a sequestered import firm, said there is widespread intrigue among the different operating teams. The nature of the intrigues is basically financial, but he did not elaborate.

Doromal admitted the commission had lately been receiving complaints on the activities of fiscal agents and OICs.

Charges of graft and corrupt practices have even been hurled at some of these PCGG-appointed personnel, tainting the image of the commission.

A weary Salonga talked with newsmen for a few minutes yesterday and said there are a lot of people with power out to discredit the commission.

"All I can say is try not to be used by them in this smear campaign," he said.

Doromal said complaints against PCGG personnel, filed formally with the commission, will be investigated by the review committee.

A PCGG employee said many staff members are demoralized because of poor remuneration in view of their volunteer status.

The revamp is also designed to "rationalize" the payment scheme of the commission. "It was all right during the first month," said Doromal, referring to the voluntary recruitment method of the commission, "but this is now the fourth month the PCGG has been operating."

He stressed that it is now imperative that the PCGG takes a closer look at its internal problems "before things get worse."

With the recall of the OICs and fiscal agents, Doromal said the commission is also studying how to replace those who will be recalled from far-flung areas of the country.

The problem is who will take care of the sequestered assets while the PCGG people are in Manila for reorientation.

As part of the review, the PCGG will hold a conference of the commissioners and its volunteers in the field to plot their best possible moves in the days ahead.

The PCGG plans to appoint one OIC or fiscal agent to sequestered assets of similar nature. This means one fiscal agent and one OIC for sequestered hotels, also one each for sequestered publishing companies, and so on.

The idea is to limit the hiring of personnel to manageable levels. But Doromal said there is no formal commission order yet on the plan prior to a thorough evaluation.

Meanwhile, PCGG chairman Jovito R. Salonga yesterday discounted the moves of Con-Com members to clip the PCGG sequestration powers.

"We'll see about that," Salonga said, commenting on the moves of Con-Com members to adopt a transitory provision to freeze all sequestration orders issued by the PCGG.

Con-Com representatives Joaquin Bernas and Felicitas Aquino charged that the unlimited exercise by PCGG of its powers have caused political and economic instability.

Salonga said only those with ill-gotten wealth are opposed to the powers of the PCGG, while the majority of Filipinos fully supports the task of recovering the loot of the ousted dictator, his relatives and associates.

/6662
CSO: 4200/1241

PHILIPPINES

PCGG ENMESHED IN DISPUTE OVER FARMLAND

HK200356 Quezon City BUSINESS DAY in English 18 Jul 86 p 15

[Text] Chasing ill-gotten wealth, the Presidential Commission on Good Government (PCGG) has gotten itself involved in billion-peso business controversies. This time, at Sta. Rosa, Laguna, the five-man commission is enmeshed in a conflict concerning farm lands.

Some 65 farmers and their families have cultivated about 55 hectares of prime agricultural land in barangay Malatlit that would otherwise lie idle.

The land belongs to the Independent Realty Corp [IRC], the holding company that PCGG has sequestered after businessman Jose Y. Campos admitted that he had organized it for ex-president Marcos.

The PCGG representative now in charge of IRC, Crisanto Gualberto III, wants the farmers to vacate the land and has filed a petition for a court injunction against the farmers.

A hearing has been set at the Sta. Rosa municipal court on July 28.

The farmers, who are members of the Kilusang Mambubukid ng Philipines [Peasants' Movement] (KMP), have taken this case to PCGG and to Malacanang.

In a letter to President Corazon C. Aquino dated July 15, the farmers said most of them have been farm workers of long-standing at the IRC estate.

They claimed that some of their members were summarily removed from their jobs by the previous IRC management without being paid any benefits.

With the farm inactive, most of them have been without work. The farmers decided to cultivate part of the idle estate with palay and other food crops, a KMP representative said.

The IRC farm used to be planted to palay and sugar.

The farmers are asking PCGG to withdraw the court complaint filed by its officer-in-charge against them. They are also asking the government to allow them to farm the land while the final disposition of the sequestered property hands.

Their immediate concern is to be able to harvest by September the palay crop that they have planted last June. KMP, however, wants to take this opportunity to press its demand for land reform.

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CSO: 4200/1241

PHILIPPINES

NEGROS PARTITION DECLARED UNCONSTITUTIONAL

HK151541 Manila MANILA BULLETIN in English 15 Jul 86 p 1

[Article by Re G. Panaligan]

[Excerpt] The Supreme Court, noting the "dirty tricks" and "secret haste" in the creation of Negros del Norte in 1985, has declared unconstitutional the law that divided the province of Negros Occidental.

Negros Occidental was divided by Batas Pambansa Bilang 885 with three cities and eight municipalities carved out of the mother province to form Negros del Norte.

In a unanimous decision written by Justice Nestor B. Alampay, the Supreme Court ordered the return of the three cities and eight municipalities to Negros Occidental and declared Negros del Norte "a legal fiction whose existence should be put to an end as quickly as possible."

The constitutional infirmities unearthed by the High Court in the creation of Negros del Norte were:

1. The area of the new province of Negros del Norte is not in conformity with the 3,500-square kilometer standard for a province set by the Local Government Code.

2. The plebiscite conducted in the formation of the new province was not among the residents of the whole of Negros Occidental but only among the residents of the affected three cities and eight municipalities.

The creation of Negros del Norte was questioned before the Supreme Court by 14 prominent residents of Negros Occidental.

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CSO: 4200/1241

'LOYALISTS' TO DEFY RALLY BAN BY JOGGING

HK171519 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 17 Jul 86 p 2

[Text] Marcos loyalists vowed yesterday to continue defying the total ban imposed by President Aquino on all loyalist rallies by holding regular jogging sessions in various parts of Metro Manila.

Lawyers Oliver Lozano and Nemi de Pedro III, both officers of the Freedom Fighters of the Philippines [FFP], said the joggings, which would test Aquino's ban, would start from the UP [University of the Philippines] track and field stadium in Quezon City, Ayala Ave., in Makati, and some other places which have yet to be decided.

Simultaneous with the jogging sessions, a similar strategy used to be employed by Butz Aquino's August Twenty-One Movement (ATOM), are planned pickets in all sequestered properties by the Presidential Commission on Good Government and big rallies in different parts of the city.

The two loyalist leaders, who claimed there are several cause-oriented organizations from various parts of the country which are poised to join their movement, also said the Alliance of Jeepney Operators and Drivers' Association and the Laguna-Binan Jeepney Operators and Drivers' Association have formally pledged their support. The Pambansang Samahan ng mga Driver sa Maynila at Suburbs (Pasang Masda) had joined earlier.

Lozano also bared the high-pitched gathering of signatures in various headquarters of the FFP and during the regular Sunday gatherings at Rizal Park in Manila.

He said their movement, which has now more than 60 member organizations, is nearing its target mark of 10.8 million signatures. "Once we reach this mark, which we can easily do since this is the same number which voted for Marcos during the February elections, we will urge former Sen Arturo Tolentino to establish effective control of government," he said.

Tolentino took his oath of office as acting president at the Manila Hotel last July 6 on the alleged clamor of some five million signatories.

The three lawyers maintained also that the Manila Hotel affair, described by some sectors as an aborted revolt, was not a rebellion for "it lacks the essential element of armed uprising." What really happened, according to them, was a simple peaceful rally, followed by a peaceful oathtaking.

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CSO: 4200/1241

PHILIPPINES

ENVOY TO JAPAN COMMENTS ON TEXTBOOK CONTROVERSY

OW181133 Tokyo KYODO in English 0908 GMT 18 Jul 86

[Text] Manila, July 18 KYODO--The Philippines has not taken any position on the controversy arising from a Japanese school textbook on history which several Asian countries say present a distorted account of Japan's actions during World War II, a Foreign Ministry official said Friday.

"There is no issue as far as we are concerned," Ambassador Josue Villa, head of the Foreign Ministry's Asian-Pacific section, told KYODO NEWS SERVICE in a telephone interview.

"I don't think there is any need to issue any statement," he said, adding that it was an issue between Japan and its neighbors, China and South Korea.

Villa said the Foreign Ministry would have been informed by its embassy in Japan if any references were made in the textbook about Japan's occupation of the Philippines.

"We have not received any official report on it," he said.

A Foreign Ministry spokesman had earlier pointed out that if any inaccurate references were made in the textbook about the Philippines, the new government "would have protested just like the Chinese."

The textbook drew protests from China and South Korea who charged that parts of the book present an inaccurate picture of Japan's military activities in Asian countries before and during the war.

A revised version of the textbook was approved last week by Japan's Education Ministry for use in senior high schools next spring.

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CSO: 4200/1241

PHILIPPINES

ECONOMIC MINISTER SAYS PESO OVERVALUED 10-20 PERCENT

HK161511 Quezon City BUSINESS DAY in English 16 Jul 86 p 3

[Excerpts] The peso is overvalued by 10 percent-20 percent against the U.S. dollar, a Cabinet official said yesterday, attributing to "independent sources" the extent of the overvaluation and adding that the overvaluation is "not a universally-held opinion."

Economic Planning Minister Solita Monsod made this disclosure in the open forum following her speech before the alumni associations of seven U.S. universities at the Hotel Inter-Continental. She spoke on the economic path the country is taking.

Monsod said the academe, with both local and foreign economists, feel the peso is overvalued for two reasons: first, the barriers set up against imports; and second, the abnormally very low demand for consumer goods.

"Add to those the Binondo Central Bank and you have reasons to believe why there is an overvaluation," she said.

The felt overvaluation notwithstanding, Monsod said the government will not intervene but merely allow market forces to determine the peso's real value.

She said the peso will be allowed to "seek its own level" with the Central Bank [CB] intervening in the foreign exchange market only to ensure there is no wild fluctuation in the exchange rate.

"Besides, the Binondo CB has already been dismantled," she said.

If the estimated 10 percent-20 percent overvaluation is correct, bankers said, then the "real" value of the pesos against the dollar should be anywhere between P22 and P24.

If this range becomes the new exchange rate, export industries will be encouraged to export more goods and services as they will be getting more pesos for their earned dollars, bankers said.

On the government moves toward privatization, Monsod said the government is actually "waiting to dispose" of and is "anxious" to privatize government corporations. If these firms are not sold, the government has to spend for their operations some P28 billiln this year, she said.

"While businessmen are waiting and seeing, the government is wating to dispose," she said. "We're hoping that businessmen are going to come and we hope negotiations will start. It takes two to tango. We don't want to legislate prices, so we"re waiting for you, we're waiting for the market forces."

On the series of sequestration moves by the Presidential Commission on Good Government (PCGG), Monsod admitted that "there have been mistakes made but at least these are being rectified and are not being buried."

She noted that in the beginning, PCGG mistakenly sequestered entire corporations rather than just the questionably-owned shares in these corporations.

"We realize that sequestration moves can have destabilizing effects so the government is trying to smoothen them (the moves) out," she said, noting that the Constitutional Commission is making its own moves as it has been "getting very upset" with the PCGG.

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CSO: 4200/1241

PHILIPPINES

REFORM OF GOVERNMENT FINANCIAL INSTITUTIONS APPROVED

HK180411 Quezon City BUSINESS DAY in English 17 Jul 86 p 3

[Text] The Monetary Board, the policy-making body of the Central Bank, has approved a package of measures implementing the proposed reforms of government financial institutions, primarily the restructuring of the Development Bank of the Philippines (DBP) and the Philippine National Bank (PNB).

In a memorandum submitted to President Corazon Aquino during yesterday's cabinet meeting, Finance Minister Jaime V. Ongpin and CB [Central Bank] governor Jose B. Fernandez Jr. outlined the program that drastically reduces the government banks' involvement in the banking system.

The reform of government financial institutions is actually one of the qualitative performance criteria the government will discuss with the International Monetary Fund (IMF) starting today.

An IMF mission will be in town for a week to discuss with the government a request for a new standby credit agreement and a compensatory financing facility.

The signing of the new standby agreement with the IMF is necessary before the government can start talks with the country's 483 creditor banks for a multiyear restructuring agreement on the Philippines' foreign debt.

The reform of government financial institutions is also expected to pave the way for the Philippines to tap a special economic recovery loan from the World Bank totaling between $200 million and $250 million.

Negotiations with the World Bank are expected to start shortly and the government is expecting loan releases from the facility to start in October. The loan releases will help cover a portion of the government budgetary deficit estimated at P27 billion for this year.

In their memorandum to the President, Ongpin and Fernandez said the involvement of government banks in the over-all banking system will be reduced to about one fourth instead of the present one half of the entire system.

This will require the rationalization of DBP and PNB in terms of reduced resources and capital. The charters of both government banks will be revised to provide for the reduced size and scope of operations and also to remove certain advantages not available to private banks such as the extension of special guarantees.

The Monetary Board also approved the reduction of the amount of government deposits in each of these banks. Obligations of these banks will no longer enjoy government guarantees.

Ongpin and Fernandez noted that the national government has been compelled to subsidize DBP and PNB operations through regular infusions of capital amounting to P8 billion in 1984, P10 billion in 1985, and P19 billion in 1986. For this year alone, the two banks account for 17 percent of the total government budget of P113 billion.

Under the reform plan, nonperforming assets of DBP and PNB will be transferred to the government so that tw banks can have clean balance sheets. No additional capital infusion would be coming from the national government and the continued operations of DBP and PNB would depend solely on their performance.

In the past, as a result of the expanded activities of these two banks, a total of P142 billion had been lent out by them to about 260 large companies, some of which, due to financial problems, have already been taken over by the banks.

With the transfer of their non-performing assets to the national government, the total resources of DBP will be reduced to about P10 billion, while that of PNB will be cut to about P24 billion. The net worth of DBP will be about P2 billion while PNB will have a net worth of P3 billion.

The disposition of the non-performing assets will be administered by a five-man group chaired by the finance minister, with the National Economic and Development Authority (NEDA) director general, the budget minister and two appointees from the private sector as members.

Efforts will also be directed to develop appropriate interest-bearing CB securities for the investible funds of the national government and government corporations.

With the reforms in place, Ongpin and Fernandez said the drain on national government funds caused by the two banks will be stopped although their existing debts which will be assumed by the government, will still have to be serviced as they mature.

Employes of DBP and PNB who will be affected by the restructuring will be offered incentive programs which will provide additional compensation for those who will choose to retire early voluntarily.

The groupd will arrange for an implementing mechanism, such as an asset-disposition company, to undertake the actual disposition of the assets.

The government under the reform program will also adopt a firm policy for the divestment of the six government acquired banks with immediate actions to be undertaken to secure buyers for these banks.

Existing policies will be revised to limit national government and government corporate deposits in government banks to "working balances" with the excess to be deposited with the CB.

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CSO: 4200/1241

TOP 10 IMPORTS VALUE FALLS 12 PERCENT

HK180327 Quezon City BUSINESS DAY in English 17 Jul 86 p 2

["Economic Indicator" column: "Top 10 Imports Value Falls 12 Percent"]

[Text] The principal imports of the country during the January to April period this year registered a freight-on-board [FOB] value totaling $936.07 million, down 11.64 percent from the yearago level of $1,059.37 million, date gathered from the Central Bank showed.

The top 10 imports, which constituted 57.26 percent of the total foreign purchases made during the period, were mineral fuels, lubricants and related materials, machinery other than electric; base metals; cereals and cereal preparations; transport equipment; electric machinery apparatus and appliances; exp-osives and miscellaneous chemical materials and products; chemical elements and compounds; textile fibers not manufactured into thread and yarn; and manufactures of metal.

Mineral fuels, lubricants and related materials imports, accounting for 42 percent of the total value of principal imports, amounted to $393.08 million, down 21.4 percent from the $500.55 million reported in the same period last year.

In terms of percentage, imports of machinery other than electric registered the biggest decrease from $135.39 million to $99.47 million--a decline of 26.53 percent. The drop was attributed to the poor business conditions which resulted in a slump in industrial production.

Of the 10 principal imports, only five items registered increases. Topping the list were chemical elements and compounds which grew by 31.23 percent from an FOB value of $68.53 million to $89.96 million. This was followed by base metals which increased 27.14 percent from $59.94 million to $76.21 million.

[Table on following page]

10 Principal Imports
(FOB value in thousand US$)
January to April 1985 & 1986

Items	1986	1985
Mineral fuels, lubricants & related materials	393,081	500,558
Machinery other than electric	99,471	135,386
Base metals	76,211	59,942
Cereals and cereal preparation	58,945	66,124
Transport equipment	21,193	19,317
Electric machinery apparatus & appliances	84,412	111,395
Explosives and miscellaneous chemical materials and products	61,141	47,927
Chemical elements and compounds	89,956	68,533
Textile fibers not manufactured into threat & yarn	31,511	25,380
Manufactures of metal	20,148	24,811
Others	698,682	676,157
Total for 10 principal imports	936,069	1,059,373
Total imports	1,634,751	1,735,530

Source: Central Bank

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PHILIPPINES

'DEBT PAPER' REVEALS IMPROVED CREDIT STANCE

HK190746 Quezon City BUSINESS DAY in English 18 Jul 86 p 2

[Article by reporter Ma Victoria A. Gochoco-Perez]

[Text] The Philippines' debt paper is now believed to be selling at 70 percent-73 percent of its value compared to only 60 percent last January, an indication that the country's credit-worthiness is improving fast.

Foreign bankers told BUSINESS DAY that the Philippines' debt paper--a financial instrument of a country used to gauge payments/credits--is perhaps more respected now in the secondary market than even economic Planning Minister Solita Monsod believes.

Monsod said last Tuesday that Philippine debt paper is now selling at 60 percent of its value in the secondary market compared to the Peruvian debt paper which can command only 20 percent of its value.

This means that a foreign banker who holds 100 worth of Philippine debt paper can readily find buyers who will buy the paper from him for 60.

But for Peru, for the same amount of debt paper, buyers are willing to pay only 20 showing how much more risky it is to hold Peruvian debt paper than Philippine debt paper.

"This shows that our credit-worthiness is better than Peru's and it is a good indication from the international business community," a securities broker told BUSINESS DAY.

Monsod, moreoever, pointed out that the secondary market for Philippine debt paper is "very thin" because essentially the Philippines has been a very good payor.

This market thinness shows that very few lenders, those who have lent to the Philippines and thus hold Philippine debt paper, are willing to let go of the paper at a loss of 27 percent-40 percent--the rate at which it is discounted when sold--perhaps believing that the country can in due time settle its indebtedness in full, the broker pointed out.

"Possibly those who are selling are those banks which really need the money or who need to balance their portfolios, aside from other reasons internal to the bank. That there are sellers of Philippine debt paper, after all, does not necessarily mean solely lack of confidence in the country's ability to pay back its debts," the broker said.

Foreign bankers, however cautioned that the Philippines and Peru should not be compared in terms of the rates at which their debt papers are discounted, as Monsod had done.

They said that Peruvian debt paper is now selling for only 20 percent of its value is "understandable" considering that Peru has in effect defaulted on its foreign debts by arbitrarily drawing up a formula for its own interest payments. The formula is not in accordance with the terms of the country's contractual obligations to its creditors.

"This is why there is no interest at all in the international community in buying Peruvian paper," one foreign banker said. He pointed out that a more valid comparison would be Philippine-Argentine or Philippine-Mexican debt papers. Argentina and Mexico, like the Philippines, have gone throught the debt rescheduling process and have not defaulted on their obligations like Peru has, he said.

The banker interpreted the "thinness" of the secondary market for Philippine debt paper in a different light from the securities broker: There is never an abundance of such a market anyway, he said.

"In the Philippine case, unfortunately we're into a transition phase where there are questions on when we will have economic recovery, on when we'll have political stability," he explained.

A banker said there were definite indications that Philippine debt paper was selling at 60 percent of its value last January but although conditions are now slightly better with the perceived selling value at 70 percent-73 percent, he said he "still has to see transactions" go through at that rate.

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PHILIPPINES

CORPORATE INVESTMENTS REPORTED DOWN 6.1 PERCENT

HK210647 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 19 Jul 86 p 9

[Article by Ms. Cecilia Dy]

[Text] New companies--corporation and partnerships--organised last June pumped in a total of P128.5 million in fresh capital into the economic mainstream, the Securities and Exchange Commission (SEC) reported yesterday.

The amount registered a 6.1-percent decline from the May investments of P136.8 million, but posted an 84.4 percent increase over the P69.7-million initial investments made by enterprises organised in June 1985.

In terms of units set up, last June's figures of 672 were 1.7-percent lower than last May's level but 38.8-percent of 145 firms higher than the June 1984 figures.

According to the SEC, of the total firms registered last June, 429 were domestic stock corporations, 90 were partnerships, 150 were domestic non-stock corporations and one was a regional headquarters of a multinational company.

The June's tally of new enterprises brought to 178,927 the total number of enterprises registered by the SEC. Of the total, 137,259 were corporations and 41,668 were partnerships.

Last month, 51 corporations and partnerships raised their capitalizations that aggregated P350.5 million or twice the additional investments registered last May.

Compared with last year's June level of P612 million, this year's additional investments suffered a 42.8 percent decline.

A total of 17 units consisting of 11 corporations and six partnerships was dissolved last June. This meant a withdrawal of some P6.7 million (the firm's combined capitalization) from the system. Last month, 11 corporate deaths took out of the system some P7.1 million in capital.

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CSO: 4200/1241

REPORTAGE ON NPA MILITARY, RECRUITMENT ACTIVITIES

Mindanao Offensive Escalated

HK160343 Quezon City ANG PAHAYAGANG MALAYA in English 9 Jul 86 p 3

[Article by Vittorio Vitug]

[Text] From the hinterlands of Kalinga-Apayao in Northern Luzon to the remote barrios of South Cotabato in Mindanao, the communist-led New People's Army since Monday last week has figured in ambuscades and raids against government troopers. Ironically, the escalating armed offensive of the NPA, totalling 8 reported incidents in a span of five days, came at a time when ceasefire talks pushed off to a start.

The upsurge of communist attacks, according to military authorities in Camp Aquinaldo, has two probable motives: The NPA, wanting to regain its losses brought by the February military rebellion, is waging a campaign to increase its strengthe during the talks; and the rebels are trying to drive a wedge between the military and the civilian government.

Casualties on the government side are 33 officers and enlisted men and 11 civilians. The rebels' side has no reported casualties.

By projecting itself as a superior military force, the NPA is using a double-bladed approach in view of the government initiatives for ceasefire, Camp Aguinaldo sources believe.

First, by staging more ambuscades, the revolutionary forces may be able to regain ground lost as an offshoot of the rebellion led by Defense Minister Juan Ponce Enrile and AFP [Army Forces of the Philippines] chief Gen. Fidel Ramos last February which toppled Marcos and swept President Aquino into power.

The rebels are at a most advantageous position at this point, Aguinaldo officials said, since AFP troops are supposed to have maintained an "active defense stance" in counter-insurgency efforts. This means the AFP has "desisted from conducting massive military operations, including raids and other forms of surprise attacks."

The rebels are also apparently trying to create or widen the rift between the Defense Ministry and civilian officials in Malacanang, senior officers said.

According to senior military officials interviewed by MALAY, the NPA holds the firm belief that Enrile and certain Malacanang officials who have alleged communist leanings are at loggerheads over the manner in which the ceasefire talks should be carried out.

In other words, the officials said, they are placing Enrile and President Aquino on a collision course.

Reacting to the ambushes, Enrile said he will not order the pullback of troops deployed in communist-occupied areas of the countryside. He also said the AFP will get even in the next days.

"There is no ceasefire," he declared during an open forum with women's groups in a Makati hotel, adding, "we are free to hit them, they are free to hit us."

Enrile said he has "reservations" on the talks, saying ideologically-inclined rebels are unlikely to agree to a truce, and that the government can only win lesser committed rebels from the other side.

Explaining the rebels' new strategy, he said the communist guerrillas are merely "flexing their muscles" to obtain more concessions in the talks.

AFP chief Gen. Fidel Ramos, on the other hand, had a stronger reaction.

Even as ceasefire talks are ongoing, Ramos told newsmen that "we should be wary of their (the communists') moves because we know their track record in Southeast Asia where their move is characterized by deceit and treachery."

To counter the communist upsurge, the military has embarked on a massive propaganda campaign by harnessing local officials to join the war. This was demonstrated during the recent two-day Peace Order Council seminar held at Camp Aguinaldo hosted by Ramos and Enrile.

The seminar focused mainly on the "atrocities" of the guerrillas against soldiers and civilians alike in the countryside. It was revealed during the seminar that the rebels have mounted a fratricidal cleanup within their ranks to get rid of comrades suspected to be government spies, also known as "zombies."

As the ceasefire talks proceed, military officers hinted that a truce is still an elusive goal to end the 17-year insurgency.

An area the government, particularly the military establishment, which the communists are likely to disagree with is the Civilian Home Defense Force [CHDF] issue. [sentence as published]

The CPP [Communist Party of the Philippines]/NPA has sought the CHDF disbandment, but Enrile has ruled out its dismantling. He said the CHDF will not be disbanded since the militiamen act as frontline defenders against insurgency and criminality.

With these developments, one thing is certain: The ceasefire talks face a long-torturous climb, both for the government and the rebels.

Open Recruiting in Danao City

HK150615 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 14 Jul 86 p 2

[Article by Leo Enriquez]

[Text] Cebu City--A 50-man NPA band is openly recruiting and conducting teach-ins in at least 4 hinterland barangays in Danao City and have won over some 70 percent of their residents, intelligence sources said Sunday.

The same sources said the insurgents have already gained headway in the mountain baragays of Danasan, Tili, Magtagubtob, and Cambubho.

According to the intelligence report, these barangays share a common border with the towns of Balambang, Asturias and Inburan where communists are reportedly building up their forces.

Targets of recruitment by the NPA are the coal miners, their dependents, and the dislocated gunmakers of Danao City.

The military has warned of the danger posed to national security if the gunmakers, who want to legalize their craft, are won over by the communists.

Constabulary Patrol in Bataan Ambushed

HK180157 Manila the NEWS HERALD in English 17 Jul 86 p 1

[Article by Raffy Viray]

[Text] Samal, Bataan--A bataan constabulary highway patrol group jeep was waylaid by at least 12 suspect New People's Army rebels in barangay Sta. Lucia, here, killing two enlisted men and a Civilian Home Defense Force [CHDF] member yesterday afternoon.

Col. Cecilio R. Penilla, Bataan PC [Philippine Constabulary] commander and deputy Task Force Samat commander, identified the slain soldiers as Tactical Sgt. Juanito Fajardo, team leader, of barangay Dau, Mabalacat, Pampanga; Staff Sgt. Renato Pastor, of Camiling, Tarlac, and Lamberto Taban, CHDF member, of Em's Village, barangay Tenejero, Balanga town.

Penilla said the broad daylight ambush on the constabulary soldiers was believed to be in retaliation for the caputre of the suspected topranking NPA commander Alexander Glemao, alias Ka Jess and Ka Juliet, last Saturday in barangay Mulawin, Orani, Bataan.

The ambushers, reportedly riding a white Ford Fiera and Sarao passenger jeepney took with them the victom's two .45 cal. pistols, a rifle, a bandolier of bullets and personal belongings of the victims.

PC reports said the NPAs followed the slow-moving CHPG patrol jeep from Orani town until it reached a less populated area, in front of the municipal cemetery in this town.

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PHILIPPINES

PC OPERATIVES SEIZE AMMUNITION CACHE AT COJUANGCO COMPANY

HK151501 Quezon City BUSINESS DAY in English 15 Jul 86 p 24

[Article by reporter Joel D. Lacsamana]

[Text] A huge firearms and ammunition cache was seized over the weekend by PC [Philippine Constabulary] intelligence operatives during a raid at the compound of Northern Cement Corp [NCC], a company owned by former ambassador Eduardo Cojuangco, in barangay Labayog, Sison, Pangasinan.

A total of 21 high powered firearms, 50,000 rounds of ammunition for M-16 rifles, 1,000 rounds of ammunition for M-60 machine guns, 200 pieces of smoke grenades, 200 pieces of flare cartridges and 500 pieces of blasting caps and detonating devices were seized during the raid, according to a report submitted to Major Gen. Renato S. de Villa, acting PC-INP [Integrated National Police] chief, by Col. Pedro Siztosa, PC intelligence chief and group commander of the constabulary security group.

Siztosa informed De Villa that the firearms, ammunition and explosive devices were recovered from different places inside the NCC compound.

Led by Lt. Col Robert Delfin of the National capital region security unit, the operatives conducted the rain armed with a search warrant issued by Judge Narciso A. Ramos of the 6th municipal circuit trial court of Pozorubio, Pangasinan.

Delfin invited to Camp Crame a certain Robert Yabut, administrative officer of the NCC and caretaker of ex-ambassador Cojuangco to shed light on the seized guns and ammunition and explosive devices.

The seized guns consisted of two Thompson submachine guns, calibre. 45, two AK-47 rifles, one calibre .20 machine gun, one Chinese submachine gun, two caliber .45 pistols, one M-16 rifle, one M-7 Ruger rifle, one Mark IV calibre .30 rifle, one calibre .44 Magnum, Smith and Wesson revolver, one pistolized carbine with gold-plated magazine, one calibre .45 Colt commander pistol, one double barrel rifle, one calibre .22 surval rifle, one calibre .22 Winchester rifle, one rifle of unknown calibre, 1 Water PPK calibre .22 pistol, one Browing calibre .22 target pistol, and on flare gun.

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SULU OIC CLAIMS 150,000 REBELS WILLING TO SURRENDER

HK180207 Manila MANILA BULLETIN in English 17 Jul 86 pp 1, 11

[Text] Sulu Office-in-Charge [OIC] Indanan Anni reported yesterday that over 150,000 Filipino Muslim rebels in Sabah have expressed their desire to return to the country because of President Aquino's policy of reconciliation.

This message was relayed through emissaries and letters to him.

Many of the rebels, particularly those belonging to the OCZA (Operations: Commander Zapata), and the civilian refugees are now in Jampiras Islands, a mile off eastern Sabah, Anni said.

The rebels are allowed to keep their arms in their island sanctuary but they have to learn them behind when they cross over to the mainland.

The civilian refugees joined them after the fire that gutted Jolo town in 1974. A few years ago, the Malaysian Government decided to round them up and resettle them in Janpiras. The resettlement program was subsidized by United Nations and Arab countries.

Lately, they were blamed for the election trouble in Kota Kinabalu and other urban centers although they claimed that they were used as scapegoats, Anni also said.

The recent discussions in the Constitutional Commission on the Sabah claim issue unnerved Kuala Lumpur and the presence of the Philippine Muslims in Sabah have put the Malaysians on edge, the Sulu OIC noted.

In Sulu, Anni has been touring the rural areas in his peace efforts. He said the progress of his campaign is very encouraging.

In his trip to Langpas, 14 kilometers away from the town, for example, the security men who lined the stretch from 6 km to Langpas, were rebels under the command of Commander Usop Jikiri.

While in Langpas, Anni met with "Commander Muksan Dammang," the No 2 man in Usop's group, which kidnaped a German journalist last year, and OCZA chieftain "Commander Kalil Joel." No details of their talks were given.

Anni said that his greatest worry is how to provide a decent means of livelihood to the rebels and refugees should they finally come back. He was optimistic that in time, when peace reigns once again, job opportunities would be made available.

He is asking President Aquino to clothe him with the authority to negotiate with the rebels, and assure them of their safety and economic wellbeing upon their return.

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PHILIPPINES

BRIEFS

ENRILE: SOLUTION TO INSURGENCY--Defense Minister Juan Ponce Enrile says he favors a moderate, not military solution to the 17-year-old guerrilla war in the country. But he said if it is the wish of the national leadership to use a military solution to the problem, he thinks they can handle it. However, a pure military solution is not practical to resolve the insurgency problem. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 17 Jul 86 HK] /6662

CSO: 4200/1241

THAILAND

PAPER REPORTS ON PROBLEMS IN FINANCE SECTOR

Finance Firms Resist Government

Bangkok THE NATION in English 23 Jun 86 p 17

[Text]

SOME of 25 ailing finance companies awaiting government rescue are resisting the efforts to improve their operations by executives assigned by monetary authorities. They have asked a well-known law office to take actions against the government for damage caused by their interference.

The 25 firms are under a rescue package worked out on April 4, 1985. Their negative reaction towards the government rescue attempts became clearer recently when they approached Dharmniti Law Office to gather evidence so that they can take actions against the authorities.

Their claim is that the interference in management, through possession of stocks and voting rights, would only damage their companies.

Before the shareholders of those firms transferred their stocks and voting rights to the authorities under the rescue package, they had hoped that there would be effective measures to promptly improve their position and minimize the potential damage.

The shareholders and management, who remain with the executives assigned by the Finance Ministry and Bank of Thailand, have instead asserted that their companies were facing bigger losses, particularly during the past two years.

Moreover, their financial stability could not be restored as planned in the rescue package. The issue snowballed when the authorities decided to take legal actions against former members of management.

Those facing litigation included Ophas Arunsaeng of Thai Saving Trust Co Ltd and executives of Bangkok Finance Co Ltd. The assets of some debtors who were unable to make repayment in time, were seized under the tough measures adopted by the authorities.

Finance Ministry sources told *The Nation* that the dissenting finance firms have stepped up their activities while more firms are joining their ranks.

The law firm is expected to file a petition to the authorities soon. The main issue of contention is the appraisal and assessment in the value of assets and debts. The authorities have concluded that the assets of the troubled 25 firms amount to 12,000 million baht, up from the period before capital increase which at that time was worth 9,000 million baht.

The authorities consider that about 70 per cent were unearning assets such as properties awaiting sales, interest receivable exceeding one year and other doubtful debts. They believe that bad debts would account for up to 50 per cent of the total assets.

The authorities have also established that lending by most of the 25 firms had been made to subsidiaries or affiliated businesses. There were also false documents and fraudulent practice. One source said that the names of companies' drivers also appeared on the borrowers' list.

The Coordinating and Supervision Committee headed by Nibhat Bhukkanasut, who is the deputy director of the Finance Ministry's Fiscal Policy Office, has worked out policy measures to solve the problems of financial institutions during the past three weeks. They were confined mainly to those firms under rescue of the authorities.

The committee has set more mojor guidelines. The first is to combine the unearning assets of the 25 ailing firms for subsequent claims through legal actions. This will enable the authorities to write off the bad debts.

The second is to inject 10,000 million baht into the rescue attempt, compared to 13,000 million baht earlier projected for this purpose. The amount had been tapped under the rescue including 6,400 million baht of soft loans of which 79 per cent bad been used while there was 2,400 million baht for capital increase and this amount has been fixed.

Furthermore, a fund was formed by commercial banks to increase liquidity and this amounts to 5,000 million baht, of which 4,500 million baht has been tapped. The authorities want to inject more fund to restore the stability of the ailing firms rather than to offset their losses.

The third one is to divide the companies into three major groups. The first, numbering 5-7 are working out plans for joint venture partners from abroad and new investors with sound financial standing. Some of the shares held by the authorities would be sold back to former shareholders with good record. The second is to merge nine firms into two major ones. The third is to give more time to nine firms to improve their position within three years from now. If they fail, their licences would be revoked.

The fourth guideline calls for the authorities to step up legal actions against the executives of the ailing firms found to be responsible for mismanagement and abuse of public trust.

The charges would include forgery of documents. While litigation is in progress the authorities would confiscate and foreclose on the mortgage of debtors who have failed to fulfill repayment.

The confiscated assets would be sold through auction to raise funds. Sources said that the four guidelines would be submitted to Finance Minister Sommai Hoontrakool within this month.

Last week, the authorities revoked the licence of Nateethong Finance and Securities Co Ltd. The company belonged to the former major shareholders of the Asia Trust Bank whose name has been changed to Sayam Bank after the government takeover in late 1984.

Nateethong had long been under control of the authorities due to severe liquidity and mismanagement problems.

Tougher Central Bank Controls Seen

Bangkok THE NATION in English 30 Jun 86 p 17

[Text] **THE Bank of Thailand intends to impose stricter control on foreign operations of local commercial banks. Deposits mobilized by their foreign branches and extended as loans would be categorized as risk assets if they were not guaranteed by the headquarters, well-informed sources told *The Nation* at the weekend.**

This is a new policy to be adopted by the central bank following two years of study on the impact on local commercial banks when their foreign branches were affected by sour loans.

At present, five local commercial banks have foreign branches and representative offices. Bangkok Bank has 11 branches excluding five small branches in Hong Kong and one in Jakarta. Thai Farmers Bank has three branches while Siam Commercial Bank has the same number.

Krung Thai Bank and Bangkok Metropolitan Bank have one branch in New York each.

The sources said that the central bank has reviewed the situation involving foreign operations of local commercial banks for two years. But nothing has been implemented due to inappropriate timing. At that time, banks had the need to expand their lending capability while they were unable to increase their registered capital.

But the expansion of foreign operations of local banks is gaining a faster speed while their lending also increase at a quick rate. Total assets of foreign branches now amount to 110,000 million baht but the amount of risk assets is also rising.

According to the announcement dated January 7, 1980 of the central bank, commercial banks have to maintain the capital fund to risk asset ratio at 8.5 per cent. However, the requirement does not include 20 types of assets which are not counted as risk assets. Among the 20 items include deposits raised abroad and extended as loans without guarantee by the headquarters.

If the foreign branches extend loans provided by funds of the headquarters, they would be accounted as risk assets. This means that if a foreign branch of any Thai bank mobilizes deposits from clients and lends out, the loans would not be accounted as risk assets.

With the loopholes, some branches of certain Thai commercial banks have suffered heavy losses in operations. At the same time, the central bank does not want to see those branches go bankrupt due to business failure. It had to permit the headquarters to remit funds to bail out the branches from crisis.

The latest case involved the operations of the New York branch of the state-owned Krung Thai Bank. Following thorough examinations, the branch was found to have provided loans and credit facility to certain groups of Thai businessmen to the extent that the debts have become more risky.

The sources said that branches of some local banks have borrowed from the Euromoney market and extended loans, some of which to Thai business groups.

The world economic uncertainty has not affected only Thai commercial banks. Major US banks were also under heavy pressure due to operating losses caused by non-performing or bad loans. The debacle of the Continental Illinois Bank is a classic example.

The central bank's Bank Supervision and Examination Department has been reviewing this issue with concern. It has recommended that lending by foreign branches of local banks should be accounted as risk assets to prevent recurrence of such problems.

The sources said that the preventive measures have been adopted by US and European monetary authorities. The control also covers subsidiaries. But this may not be necessary for further control on local commercial banks because they do not have many subsidiaries abroad.

The new move by the central bank is aimed at consolidating the position of local commercial banks in foreign operations. This is because the authorities want the foreign branches to have sufficient reserve in line with the scope of their activities.

The sources said the commercial banks may argue that the central bank should look at the quality of each bank in foreign operations instead of imposing a sweeping control. The measures are still under the study of central bank Governor Kamchorn Sathirakul who is expected to give approval soon.

In another move to ease the pressure on commercial banks as far as the position of the capital fund to risk assets ratio is concerned, the central bank will provide more exemption in the classification of risk assets.

They will exclude interest receivables from government bonds, interest receivables from monetary instruments, state enterprise bonds and debentures of Industrial Finance Corporation of Thailand.

Others include the rights on the release of immovable properties following depreciation. Commercial banks which provide lending to the priority economic sectors would also enjoy more exemption.

It is expected that the relaxation will enable banks to provide an additional lending up to 9,000 million baht in the overall system. By this local banks can extend loans up to 29,000 million baht in the second half of this year and the amount is sufficient in view of the current loan demand.

Though the authorities were to set the capital fund to risk asset ratio at eight per cent, the actual ratio would be only 5-6 per cent when those items under exemption were taken into account.

The 16 local commercial banks have between 40,000-50,000 million baht of capital fund with risk assets at 400,000-500,000 million baht.

The Bank of Thailand has also agreed to raise the ceiling of the foreign currency holdings by banks. At present, the limits are per cent of each bank's capital fund or US$5 million, or whichever is higher. This will enable banks to increase their earning from foreign operations.

The restrictions were imposed when the government devalued the baht in late 1984 to prevent speculation on foreign exchange by commercial banks.

More Foreign Currency Holdings Allowed

Bangkok THE NATION in English 2 Jul 86 p 25

[Text]

THE Bank of Thailand is expected to permit commercial banks to hold more foreign currency than the present level, fixed since it devalued the baht in November 1984.

At present, banks can maintain their net foreign position — the level of foreign currency holding — up to 20 per cent of their capital fund or US$5 million, or whichever is higher.

Well-informed sources told *The Nation* that the level will be raised to 30 per cent of the capital fund and this will cover a period from July until December this year.

Banks normally invest in foreign exchange trading and in international financial institutions such as ASEAN Finance Corp. The central bank views that the investments in international financial institutions are long-term commitments with minimal risks and the chance for speculation.

The sources said the net position would be raised and this would be able to convert up to 4,000-5,000 million baht into foreign currency as investments.

Local banks have between 40,000-50,000 million baht, the net position in the whole system is US$346 million when calculated at 20 per cent of net foreign position.

The sources said that by absorbing the excess liquidity, which includes the increase in the net foreign position, the government can issue bonds, treasury bills up to 11,000 million baht as additional borrowing approved recently by the Cabinet.

This will reduce the excess liquidity which stands at about 20,000 million baht at present.

This forms part of the package being worked out by the Bank of Thailand. The increase in foreign currency holding can be permitted by the central bank but changes in the classification of the risk assets would have to be approved by Finance Minister Somnai Hoontrakool.

There are several items such as interest receivables from government bonds, monetary instruments such as state enterprise bonds, debenture of Industrial Finance Corporation of Thailand, the right to lease immovable property after deduction of depreciation and statutory reserve for bad debt.

The central bank wants to impose stricter control on local commercial banks which have foreign branches which mobilize deposits for lending but without guarantee by headquarters. At present, the lending is not considered as risk assets. But it will be included under the package due to be introduced soon.

Central bank sources believe that the risk assets of the foreign branches of Thai banks amount to 97,000-100,000 million baht. The new requirement will not include interbank lending. Once the branches extend loans to ordinary business or individual then the fund would be considered as risk assets.

The central bank's move followed a revelation that the New York branch of the state-owned Krung Thai Bank had extended bit loans to Thai business groups and the bank has launched investigations for the proceedings of criminal and civil cases.

A commercial banker commented that if the central bank wants to include every investment by banks as risk assets there would not be anything else for them to conduct normal business.

The central bank has two options to relieve the pressure faced by commercial banks. The first is for gradual change by drawing in 10 per cent of the risk assets annually until they reach 100 per cent of the particular risk assets.

This will apply to only new lending. The second option is for the central bank to sweep everything into risk asset classification excluding only interbank lending.

If the central bank picked the second option, there would be some impact on foreign business activities of banks particularly in expanding operations. The central bank had to review the overall situation.

"If the central bank picked the second one, the question is whether it would reduce the capital fund to risk asset ration currently standing at eight per cent to only 7.5 per cent," said the sources, adding that at least one week was needed to reach a conclusion on this point. Minister Sommai will have to give approval as well.

Officials in charge of bank supervision have proposed gradual implementation and disagreed with the reduction of the capital fund to risk asset ratio, said the sources.

The central bank also wants to increase the rediscount facility to commercial banks. The outstanding is 21,000 million baht while the ceiling is 31,000 million baht. This much has been tapped because it is already out of the export season.

The rediscount facility will increase by 5-10 per cent or 1,500-3,000 million baht for additional incentives for commercial banks and it will include home loans extended by banks.

Home loans will be included in the lending to the priority economic sectors, said the sources.

This rediscount facility will be announced early next week. At the same time, the central bank will also cut down the discount rate by one per cent for the first and second tiers.

The first tier is 10 per cent while the second tier rate is 11 per cent at present. The new rates will be nine and 10 per cent respectively.

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CSO: 4200/1255

BANK SCANDAL WIDENS, ECONOMIC IMPACT VIEWED

Perpetrators Seek Refuge Abroad

Bangkok THE NATION in English 9 Jul 86 p 17

[Text]

THE Bank of Thailand yesterday filed charges against former President of First Bangkok City Bank Ltd, Kamron "Coro" Tejapaibul for violating the Commercial Banking Act and abuse of public trust resulting in severe damage to the bank.

Meanwhile, FBCB President Pakorn Malakul told a press conference yesterday that legal actions would be taken against the former management team led by Kamron, who is believed to have taken refuge in Taiwan which has no extradition treaty with Thailand.

Taiwan is also a hideaway for the former chairman of Asia Trust Bank, Wallop Tarnvanichkul, known as "Johnny Ma" after the bank was in severely jolted prompting the government to take over the operations in late 1984.

In addition the legal actions taken by the Bank of Thailand, FBCB will also take a similar course to recover loans extended when Kamron ran the bank.

Pakorn also assured the public that their deposits would be secure under assistance from the monetary authorities. The impact on deposits during the past few days was small as withdrawal was mainly due to the financial requirement in normal business transactions.

The deposit outstanding as of July 7 was 15,290 million baht, compared to 15,361 million baht as of June 30, a drop of only 71 million baht. Pakorn said that branches nationwide were instructed to explain depositors and clients the real situation. The branches were told to maintain sufficient cash reserve. The headquarters has sought a standby credit from the central bank and other commercial banks.

"I want to reaffirm that the deposits would not be affected and the depositors should have confidence in the bank which has received support from the central bank in a systematic manner," he said.

The rescue measures provided by the central bank, which call for a capital reduction which results in a share price at five baht each, will benefit the bank which can write off part of the bad debts and worthless assets by 1,296.75 million baht. The share price was formerly 100 baht at par.

The bank can wipe out the worthless assets by 1,500 million baht within three years after a soft loan of 3,300 million baht from the central bank and a capital increase by 2,000 million baht.

The bank can expect an additional earning of 500 million baht a year later, he said.

For the capital increase, Pakorn said, new investors have shown keen interest in equity participation. He said 4-5 groups of the investors are holding negotiations with FBCB. "This shows that the investors have an opportune time to come in as they will have support from the monetary authorities," he said.

The bank has 52 branches with 2,300 employees. The customer base is strong as it involves export and import business. It has long-standing relationships with many foreign banks, said Pakorn.

On July 11, the existing creditors will have until noon to subscribe to the new shares to be issued by the capital increase of 500 million baht. They can buy 21 new shares for every one share they hold. Whether they can subscribe the new shares in full or not the negotiations with prospective investors will continue.

The 500 million baht will be injected by the Fund for Rehabilitation and Development of Financial Institutions. But the central bank wants to offer the new shares to the existing shareholders first. If they fail to subscribe, the authorities will become a majority stockholder.

The intervention followed the failure by a group of investors to boost the capital by 2,000 million baht. The group comprised executives of Surathip Group, a whisky maker.

Though the Fund has 500 million baht in new shares, FBCB can still operate with earning from interest differentials resulting from the soft loan. The bank can expect an annual income of 300 million baht.

For two subsidiary deposit-taking companies in Hong Kong which are facing liquidation, the bank will not be affected by the legal proceeding because it holds only 20 per cent of shares equivalent to only seven million baht in First Bangkok City Finance Ltd. Lending by FBCB was according to the law and it does not exceed 25 per cent of the bank's capital fund.

Hong Kong authorities have asked the bank to' send executives to take charge of the two affiliates as their managers were not there. The request was rejected because the bank, Pakorn said, has not firm connection.

The damage suffered by the bank was due to the worthless assets of 2,790.8 million baht. The expectation that the bad debts could be up to 5,000 million baht, was not quite accurate because they were mainly problem loans, Pakorn said.

The management is taking steps to recover the loans and part of which have been secured.

The criminal charges were filed with the Crime Suppression Division yesterday by officials and lawyers assigned by the central bank. The bank will bring in evidence to substantiate the charges today.

The charges mention that the damage caused by Kamron to the bank amounted to 2,700 million baht.

Central Bank Exposes Wrongdoing

Bangkok THE NATION in English 10 Jul 86 p 21

[Text] **MONETARY authorities yesterday said they will spend a week to wrap up a case for criminal actions against executives of the financially-ailing First Bangkok City Bank. They also listed a series of charges against former bank's President Kamron "Coro" Tejapaibul, ranging from mismanagement and abuse of public trust.**

Bank of Thailand's Assistant Governor Paisarl Koomalayavisai and two lawyers told a press conference that the former management of FBCB had violated the Commercial Banking Act B.E. 2522. The criminal charges were filed with the Crime Suppression Division on Tuesday.

Paisarl said he would need just one week to investigate the affairs of the bank and inform the public.

The charges against the FBCB executives include the failure to maintain the capital fund up to the level specified by the central bank. There were loans extended to business activities operated by the former bank executives including Kamron.

Paisarl said FBCB was found to have extended credit to five subsidiary companies abroad exceeding 25 per cent of the capital fund without prior permission from authorities.

The bank was also found to have charged interest rates higher than the ceiling fixed by the central bank. There were a number of what is called "creative accounting" or "Chinese accounting."

There were cases when funds were listed as deposits while actually they were loans, falsifying reports on foreign exchange transactions showing profits. The bank was found to have overstated the deposits at other financial institutions.

Moreover, FBCB showed assets in foreign currencies by overstating the exchange rates when they were converted into the baht currency, Paisarl said. The accounting was "created" to show profitable results.

FBCB also showed deposits at foreign financial institutions while actually having none. The last two cases have caused damage up to 2,700 million baht. Minimal damage was seen in other malpractices.

Paisarl also showed that the former management in 1983 and 1984 paid dividends to shareholders while the bank suffered losses. It was against an instruction of the central bank for it to withhold dividend payments.

Paisarl, who is in charge of the legal affairs of the central bank, said that the malpractices committed before 1985 could be dealt with by the Commercial Banking Act B.E. 2522. The wrongdoing was not accountable to a special decree, with increased penalty, promulgated early this year.

He explained that under the banking law, before the special decree came into being, the monetary authorities did not have the powers to ask police to apprehend the former bank executives. They could not be prevented from leaving the country.

The authorities just uncovered the malpractices early this year. Paisarl said the penalty includes a maximum fine of 300,000 baht and a maximum one-year jail term under the banking law, but this is for each wrongdoing.

He said that there were nearly 100 cases of malpractices such as repeated failures to maintain the capital fund and reserves, overcharging of interest rates.

The penalty under criminal charges would not be more than 10-year imprisonment.

The central bank has also advised FBCB to take criminal actions or file civil suits against the former executives based on available evidence. Paisarl said it remains doubtful whether legal actions could be taken against the bank's auditors.

The central bank assigned executives to oversee FBCB operations since early this year. When malpractices were uncovered, legal actions could not be taken immediately as more evidence was needed to substantiate charges.

At the same time, according to Paisarl, the authorities had to take into account the rights of the shareholders who commanded the majority stocks and one was also the bank president.

The presence of central bank's men later enabled the bank to recover some of the loans through the control of assets of the former executives.

The bank, on July 11, will cut its capital to write off accumulated losses and worthless assets. The intervention followed the failure of a group of investors to increase the capital and choose to bow out. Kamron is believed to have taken refuge in Taiwan, which has no extradition treaty and diplomatic relations with Thailand. Taiwan also serves as the haven for the former chairman of Asia Trust Bank, Wallop Tarnvanichkul. His bank was taken over by the government in late 1984 and its name was changed to Sayam Bank, which continues to face financial problems. It is receiving additional financial assistance from the central bank. Criminal charges await Wallop who is unlikely to return to defend himself.

Injection of Funds May Cause Problems

Bangkok THE NATION in English 9 Jul 86 p 17

[Article by Vajara C. Santikul]

[Text] THE Bank of Thailand is wary about possible impact on the financial system after it introduced measures to rescue two ailing commercial banks by providing funds for capital increase and soft loans to partly write off their bad debts. The move has inevitably increased money supply in the market which is already experiencing excess liquidity problems.

The measures were also inevitable for the monetary authorities to shore up the position of Sayam Bank Ltd and First Bangkok City Bank Ltd. A huge sum would be needed for rescuing 24 ailing finance and credit foncier companies. The rescue involves billions of baht.

The money market is facing excess liquidity after a brief tight situation early this month when there was a higher demand for funds. But the excess liquidity has returned with a surplus of 3,000-3,600 million baht in the repurchase market.

Director of the central bank's Banking Department Vijit Supinit admitted that the liquidity is very high in the market but the Bank of Thailand is still capable of absorbing the excess liquidity during the next two months up to 13-14 billion baht.

He pointed out that despite the excess liquidity, the country's financial and monetary system remains stable.

The central bank has undertaken a series of measures to rescue Sayam Bank Ltd once privately-owned and called Asia Trust Bank. The measures included an injection of 500 million baht for capital increase, a soft loan of 1,900 million baht and the latest action was an absorbtion of 1,500 million baht of bad debts through supply of fresh funds.

The crisis engulfing the First Bangkok City Bank Ltd led to a capital reduction from 1,365 million baht to only 68.25 million baht to partly wipe out bad debts which amounted to 2,790.8 million baht as uncovered so far.

The bank needs to boost its capital by 2,000 million baht with 500 million baht from the Fund for Rehabilitation and Development of Financial Institutions. It has earmarked a soft loan of between 3,300-3,800 million baht.

Central bank officials feel the need to review the measures as they are cautious about further increase in money supply and excess liquidity.

Well-informed sources said that the injection of funds for capital increase will have immediate impact but adverse effects from the provision of soft loans would be late. Another point feared by the banking and financial community is that the magnitude of this problem might lead to further reduction of interest rates when the excess liquidity becomes more formidable.

"The central bank will closely monitor the situation to prevent a possible chain impact on other commercial banks," said the sources.

Vijit, however, explained that the current money supply situation is not worrisome though with the injection of funds from the Bank of Thailand into the financial system. This is because lending by commercial banks is lower than deposits they have mobilized by half.

Commercial banks have not been able to achieve a high growth in lending due to the slow recovery in domestic investment and public consumption. Another reason is that commercial banks are waiting for the formation of a new government after the general election scheduled July 27.

Sources said the government is likely to set a clear policy to stimulate the economy. Despite the lower interest rates and oil prices, they were not sufficient as economic recovery also depends on external factors such as export earnings.

The country's export performance in the first half of this year showed a growth of 14-15 per cent in baht terms but in dollar terms, the growth marked a hefty 17 per cent rise. Other factors include the ability of the country to spend less on oil imports. The overall trade situation has improved much while it is believed that the country's current account deficit would be less than 20,000 million baht this year.

"We cannot expect any more windfall benefits from lower oil prices which have somewhat stabilized. What we can hope for is the contribution from exports," said Vijit.

He also agreed that the monetary authorities have to adopt a cautious approach in enforcing measures to rescue ailing banking and financial institutions. The expected relaxation for foreign currency holding of commercial banks would have to be delayed as the international exchange rates still remain unstable.

Commenting on the means by the central bank to help absorb the excess liquidity, Vijit said the authorities still hold treasury bills in its portfolio which could be distributed to alleviate the situation. This could be as high as 4,500 million baht in the repurchase market.

The government has yet to borrow more from the domestic money market after the Cabinet recently approved a proposal of the Finance Ministry to raise the ceiling at 33 billion baht for local borrowing by 11,000 million baht. So far, it has issued bonds worth 2,000 million baht. Vijit described the move as another means to absorb the excess liquidity.

Commercial banks have subscribed all the issued bonds. There remain 9,000 million baht more and it is expected that another batch worth 3,000 million baht will be issued this week, of which 2,000 million baht will be for commercial banks and 1,000 million baht for the public.

The remaining 6,000 million baht will be issued next month. The Government Savings Bank also has enough liquidity to absorb up to 2,000 million baht.

The additional borrowing is necessary as the Finance Ministry expects that the revenue shortfall would be larger than expected.

"We can still absorb between 13-14 billion baht of liquidity from the market. The excess liquidity is not beyond control. We believe that commercial banks will increase lending after the general election and when the political scene becomes clearer. If they refrain from doing so, it would appear that they are over-cautious," said Vijit.

Commercial banks can adjust themselves well to the changing situation without intervention by the authorities, Vijit said. "Though there are signs for further interest rate decline, the existing ability to absorb the excess liquidity will help maintain the interest rates at this level which is quite reasonable. Further decline would not be good for the commercial banks," he added.

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CSO: 4200/1255

POLISH ENVOY TALKS ABOUT COUNTRY'S NATIONAL DAY

OW251357 Hanoi Domestic Service in Vietnamese 1100 GMT 22 Jul 86

[Speech by Marian Ejma Multanski, Polish ambassador extraordinary and plenipotentiary to Vietnam on 42d Polish National Day--date, place not given; portions recorded in Polish fading into Vietnamese translation]

[Excerpts] Dear Comrades and friends: First of all, I would like to sincerely thank the SRV Radio Station for giving me the opportunity to talk on the radio on the National Day of the Polish People's Republic.

The date 22 July symbolizes an historic choice the Polish people made 42 years ago, when they took the path of revolutionary change. In close alliance with the people and progressive intellectuals, under the leadership of our Marxist-Leninist party, our working class won back power for itself.

Over the past 42 years of existence of the Polish People's Republic, through the enthusiastic labor of our entire people, and thanks to the great capabilities made available for the country under the new regime, we have scored major achievements in all fields of socioeconomic life.

Dear friends, historic experiences, especially the tragic consequences of World War II and the Hitlerite clique's aggression, prove that, for our people, peace has a special value, that the exigency of preserving and defending peace has taken deep root in the consciousness of our populace.

Since the founding of the Polish People's Republic, our foreign policy's foremost task has been to defend and preserve peace and to prevent conflicts and war. This task is linked to the detente and disarmament objectives, and the development of peaceful cooperation among all countries and peoples.

The Polish People's Repuboic resolutely and strictly supports all Soviet proposals aimed at ending the arms race, eliminating all conflict and the use of force in international relations, and preserving lasting peace in the world.

Our state and people also support all SRV efforts to ease tension and preserve peace in Southeast Asia. It is our view that the three Indochinese countries' proposals on establishing a zone of peace, stability, and cooperation in this region of the world is a concrete basis for peace in the region and the rest of the world.

Dear comrades and friends, the traditional friendly ties have bound our two countries, Poland and Vietnam, together. Being part of the great socialist community family, our two peoples have always provided mutual assistance and support. In the past, Poland remained constantly alongside you, friends, in your valiant fight for national and social liberation and to smash the colonialist-imperialist shackles. Currently, we still remain at your side in your country's socialist construction and defense.

We are happy with the development of our relationships in all fields. We are of the view that many potential resources are still available in this sphere. This is a guarantee for the continuous strengthening of those relationships, especially in the field of economic and trade cooperation.

We are confident that the Sixth CPV Congress, for which the entire Vietnamese party and people are now preparing, will bring about new encouragement for the continued development of those relationships.

Finally, on behalf of the entire Polish people, I wish to convey to you, comrades and friends, my best eishes for happiness and success.

May Polish-Vietnamese friendship remain steadfast forever. [end recording]

/6662
CSO: 4209/704

BRIEFS

VIENTIANE MAYOR ON BILATERAL COOPERATION--Recently, on the occasion of the 9th anniversary of the Laos-Vietnam Treaty of Friendship and Cooperation, Comrade Khambou Sounisai, member of the LPRP Central Committee and chairman of the Vientiane Municipality Administrative Committee, highlighted the fine results of the mutual cooperation and assistance between the two sister municipalities of Vientiane and Hanoi since the signing of the treaty of friendship and cooperation between the two countries. In the 1986-90 period, according to Comrade Khambou Sounisai, the two municipalities of Vientiane and Hanoi will continue to expand cooperation, focusing on such key areas as increasing the supply of technical materials to industrial enterprises, training technical workers, exchanging delegations for observation, rest and recreation, and medical treatment purposes, and broadening economic cooperation to the benefit of both sides. On this occasion, Comrade Khambou Sounisai expressed his sincere gratitude for the valuable and effective assistance given by the leading authorities, economic and cultural sectors, and people of Hanoi to Vientiane's undertaking of economic and cultural construction. [Text] [Hanoi Domestic Service in Vietnamese 0500 GMT 25 Jul 86 BK] /6662

CSO: 4209/704

PARTY ACTIVITIES AND GOVERNMENT VIETNAM

CABINET TEMPORARY REGULATIONS ON SUPPLIES

BK240400 Hanoi NHAN DAN in Vietnamese 3 Jul 86 pp 2, 4

["Council of Ministers' Temporary Regulations on Ensuring the Provision of Supplies and Technical Services To Realize Basic Economic Units' Autonomy in Production and Business" promulgated along with 26 June 1986 Council of Ministers Decision No 76-HDBT--passages within slantlines published in boldface]

[Text] /I. Generalities/

/Article 1./ Supply plans are formulated at the grassroots level and, proceeding from the realistic requirements of production and business, gradually integrated up to the State Planning Commission in two lines--supply consumption and supply business.

Consumption and business establishments shall establish horizontal, equitable, and direct relations of cooperation from the balancing between demands and the sources of supply, the signing of economic contracts, to the final settlement of contracts and final accounting of supplies.

/Article 2./ Based on demand projections, the state shall assign legal norms on material supply to the supply business sector and, at the same time, inform the supply consumption sector of this, including the volume and quantity of supplies to be provided for the production of important products and for key enterprises.

/Article 3./ Supplies shall be provided for production in the form of purchase and sale transactions under economic contracts. For supplies that are available through import and relatively stable domestic production such as electricity, gasoline and oil, coal, cement, rubber, timber, building materials, supplies that are agricultural and forestry products, and so forth, the two parties to the contract should pledge their highest commitments that can be fulfilled in a "five correct" spirit. Supply business establishments must scrupulously honor their commitments as specified in economic contracts. If goods cannot be delivered at the destinations specified in the contracts due to objective difficulties, and if the customers can arrange to pick them up, the selling parties shall have to settle rational transportation expenses as agreed upon in the contracts.

/Article 4./ Contracts for the purchase of supplies shall be signed in accordance with the following conditions:

a. For state-run enterprises, contracts for the purchase of supplies shall be signed in accordance with production plans and supply consumption norms already approved by the competent authorities.

b. For collectivized economic units (cooperatives and production teams), family-based economic units, small business owners, private economic units, and so forth having business registration, contracts for the purchase of supplies are closely linked with the contracts for the sale of products to and for processing orders by the state and are based on the supply consumption norms approved by the competent authorities.

c. For supplies of secondary importance that are needed in small quantities, contracts need not necessarioy be concluded, and the consumption units may purchase them at supply stores.

/Article 5./ The exportation, importation, delivery, and reception of supplies must be subjected to accurate measurement. The selling parties are not allowed to deliver goods to the purchasing parties prior to verification. If difficulties concerning measurement arise, the purchasing and selling parties should agree on the methods for measurement to be included in the economic contracts.

/Article 6./ It is necessary to practice thrift thoroughly in the use of supplies. Enterprises shall be given appropriate material rewards for using less supplies than authorized under the approved norms or for using domestic materials as substitutes for imported supplies.

If, due to objective causes, supplies are used in excess of the set norms, the enterprise must notify the plan-assigning organ for investigation and settlement. In case of subjective causes, the enterprise must procure supplies by itself to ensure the fulfillment of tasks as assigned under the legal plan.

/II. Responsibilities and authority of organizations dealing in supplies/

/Article 7. Responsibilities:/

a. The organizations dealing in supplies are responsible for selling supplies to consumption units when these units have fulfilled all the conditions defined in Article 4.

b. Contracts for buying or selling supplies must satisfy the requirements of tasks of the state plan and must be signed annually, quarterly, or according to production seasons.

c. Exchanges of supplies among the organizations dealing in supplies must also be done on a wholesale basis and according to economic contracts. All sides must assume material responsibility for the contracts signed.

d. The organizations dealing in supplies must periodically and promptly notify the consumption units of their capability to provide supplies as agreed upon in their contracts so as to give the buyers sufficient time to actively arrange their production plans.

e. The organizations dealing in supplies must bear full responsibility for providing supplies according to their contracts. They must not cite objective factors as an excuse for compelling their customers to contact several different establishments and places. Trading and delivery formalities should be simple, easy, and convenient. Payment methods most convenient for the buyers must be applied. Big buyers with good credit may pay for their goods after delivery as agreed upon in the contracts.

f. Any individual or organizations abusing their authority, acting in complicity, committing bribery, or behaving in authoritarian manner that causes difficulties for customers must be subjected to various forms of disciplinary action or prosecuted before the law and must compensate for any damage caused to their customers.

/Article 8. Authority/

a. Aside from the supply fund allocated by the state, the organizations dealing in supplies are authorized to create additional sources of goods by:

--Joining other enterprises to promote production or to borrow money for importing supplies. The prices applied for the selling or buying of these supplies must be set under the guidance of the state supply organs.

b. The organizations dealing in supplies are authorized to temporarily suspend the selling of supplies to consumption units but they must immediately report such action to the next higher echelons of both sides for settlement if, after repeated warnings, the buyers still continue to commit such wrongdoings as:

--Using supplies not for the purposes stated in the production plans already approved;

--Reselling the supplies allocated according to plan or bought from the state to private merchants or other economic units for profit; and

--Failing, without legitimate reason, to deliver products in the amount and with the quality specified in the consumption contracts already signed.

If there is no legitimate basis for such a temporary suspension, the supply organization concerned must pay damage compensation to the supply buyer.

c. The organizations dealing in supplies are authorized to request that inspection organs at various levels inspect supply consumption units when there are indications that these units have violated the procedures and policies defined by the state concerning the use of supplies.

d. The organizations dealing in supplies are authorized to act as agents for buying and selling supplies not related to the branch of merchandise for which they are responsible.

e. They are authorized to take the initiative in organizing various kinds of supply services as agreed upon in economic contracts such as supplying additional gunny bags, repacking goods into bales, and providing slicing, cutting, and transportation services to customers.

They are entitled to receive an additional service charge for those services in accordance with instructions from authoritative echelon.

f. Based on the division of price management by the state, they are authorized to increase and reduce prices according to the quality of goods on the basis of the verifying report of the authoritative echelon and the directed prices or price frame of the state.

/III. The rights and duties of those units using materials./

/Article 9. Rights:/

a. All basic economic units qualifying for conditions stipulated in Article 4 are entitled to buy supplies from the state.

b. As for vital products, key state-run enterprises have the priority in receiving their supply. They must, however, be dutybound to make effective and economical use of their supplies.

c. They can ask supply business organizations for permission to receive those supplies to be provided to them as planned or under contracts directly from the enterprises producing these supplies (if these supplies are in large quantities and if their request is approved by the selling party).

d. They can select for purchasing supplies those supply organizations which, located most conveniently for transportation--not necessarily within an administrative division--offer good services in order to ensure that production and business produce high economic efficiency.

If they wish to change the place from which they buy supplies, relevant units must:

--Give advance notice to the selling party in accordance with a time limit already agreed upon by both sides.

--Pay compensation for damage to the selling party in case the latter has set aside goods for the buying party (if already agreed upon in the contract).

On arriving to sign a contract with another supply business organization to buy those supplies under state control, they must prove that they fully qualify for purchase conditions and must declare the quantities of supplies they have bought (with confirmation from the previous supply business organization).

e. They must derive some money from the reward funds of relevant enterprises to reward a supply business organization if this organization has implemented well the contract for selling supplies to them.

f. They must resell those supplies bought from the state and left unused to supply business organizations at directed prices or price frame plus reasonable expenses incurred from charges for purchase labor, transportation, and maintenance and must report to the direct management organ at the higher echelon.

They must sell those discarded materials left unused (in accordance with stipulations governing the division of management duties over state supplies) to supply business units at agreed-upon prices. If these units refuse to buy them, they may sell them to other legal economic units and report to the direct management organ at the higher echelon.

g. They must ask the inspection organs at various echelons to investigate those supply business organizations found to have negative phenomena in the buying and selling of supplies.

/Article 10. Duties:/

a. They must use supplies in accordance with the approved purposes and norms. Reselling supplies bought from the state for profits is strictly forbidden.

b. They must strike a balance for supplies in accordance with stipulations. As for those supplies already bought but not yet put into use, they must arrange with the supply business organizations concerned to keep these supplies at their enterprises and must charge these supplies to the plan or contract of the year that follows.

/IV. The responsibilities of relevant organs for guaranteeing supplies to basic economic units./

/Article 11./ When preparing and presenting their production and business plans, the planning organs at all echelons must cooperate with supply organizations in making calculations, exchanging views, and seeking unanimous agreement if they are to ensure that their plans agree with supply capacity and that they are responsible for implementation of related norms.

/Article 12./ Foreign trade organizations must promptly declare the state of imports and must strictly honor their commitments in the contracts signed with supply organizations.

a. Both sides must take material responsibility for what they have signed in the contract.

b. The delivery, receipt, and financial settlement for imported supplies will be specified in a separate regulation. For the time being, we should temporarily apply those stipulations in Decision No 200-CP dated 31 December 1973.

c. It is mandatory to make financial settlements promptly and completely for contracts on imports and on the delivery of supplies.

/Article 13./ In-country supply producing units must scrupulously implement those contracts signed with supply business organizations and must, together with these organizations, take material responsibilities for what they have signed in the contracts.

a. The state will assign mandatory norms to various production units for the production of essential commodities, such as steel and coal, in accordance with prescribed quantities and quality.

b. Other kinds of materials will be produced in accordance with the quantities ordered under economic contracts by the business organizations concerned.

/Article 14./ With regard to various communications and transportation organizations:

a. The state will assign mandatory norms to them for the transportation of materials.

b. Contracts for the transportation of materials will be signed between the transport organizations and material business organizations. Both sides will take material responsibility for what they have signed in the contracts.

/Article 15./ The state economic arbitration organs at various levels must direct the signing, registration, inspection and implementation of contracts for the purchase and sale of materials. These organs must also deal promptly, strictly, and justly with all cases involving breach of economic contracts.

/Article 16./ All finance and banking sectors must create favorable conditions for both sides to have sufficient operational funds to ensure that they carry out production and business in a way that can cover expenses and turn in part of their profits to the state.

/Article 17./ The price commissions at various level are responsible for helping both sides calculate production costs and discount prices of materials in a rational manner so as to stabilize the wholesale prices and production costs of materials.

/Article 18./ The State Inspection Commission, together with the Ministry of Supply, must establish a system for the inspection of state materials. This is aimed at controlling the management of materials in accordance with state procedures and policies from production to distribution, circultion, and consumption.

/Article 19./ The Minister of Supply is duty-bound to direct, supervise, and inspect the enforcement of these regulations.

/On behalf of the Council of Ministers and for the chairman of the Council of Ministers,

[Signed] Do Muoi, vice chairman of the Council of Ministers./

/6662
CSO: 4209/704

NHAN DAN EDITORIAL PRAISES SOCIALIST PARTY

BK241500 Hanoi Domestic Service in Vietnamese 2300 GMT 21 Jul 86

[22 July NHAN DAN editorial: "Congratulate the Glorious Vietnam Socialist Party"]

[Text] Today the Vietnam Socialist Party turns 40 years old. Encouraged by President Ho Chi Minh and assisted by the CPV, the Socialist Party was founded to join together patriotic, progressive, and socialism-loving intellecturals who devoted themselves to the revolutionary struggle and the fight for national independence and socialism.

The coming into being of the Vietnam Socialist Party following the great victory of the August Revolution was a significant contribution to broadening the national united front. This was very significant change for the Vietnamese intelligentsia's patriotic and democratic movement.

Speaking at the ceremony marking the 40th anniversary of the founding of the Vietnam Socialist Party, Comrade General Secretary Truong Chinh said: The history of our country's revolution affirms that the Vietnam Socialist Party is worthy of playing a role as a political organization representing the ardent love for the country and socialism of the Vietnamese intelligentsia.

Our people and state highly valued the many outstanding contributions the Vietnam Socialist Party has made to the cause of people's national democratic revolution in the past as well as to the cause of socialist revolution at present.

During its 40 years of revolutionary activities, the Vietnam Socialist Party has always been closely united with the CPV, the Vietnam Democratic Party, and other member organizations of the national united front and has joined with the entire people in the undaunted struggle for national independence and freedom and for socialism.

The Vietnam Socialist Party made many outstanding contributions to the nation's great revolutionary undertaking during the two wars of resistance against French colonialism and U.S. imperialism as well as during the war of national defense against the Chinese hegemonist-expansionist clique, and to the cause of socialist revolution.

The Vietnam Socialist Party has contributed to strengthening the political and moral unity and singlemindedness of the great national unity bloc, maintained close cooperation with other members of the VFF, and made great contributions to propagating patriotic intelligentsia.

The party has attached great importance to forging and educating its party cadres and members so they can constantly enhance their love for the country and socialism, mingle themselves with the laboring people, positively study Marxism-Leninism and the Vietnamese revolutionary lines, cultivate their revolutionary ethics and qualities, and dedicate their energy and minds to the socioeconomic development as well as to national defense.

Looking back over the past 40 years, the Vietname Socialist Party can feel proud that it has adhered to its goals and tenets and that it has made great contributions to the common victories of the fatherland and the people. The Vietnam Socialist Party has, throughout various revolutionary stages, always aligned itself with the CPV be it in the difficult and complex times or in the days of heroic victories. The cooperative relations between the CPV and the Vietnam Socialist Party have constantly developed in the spirit of solidarity, amity, and sincerity in helping each other progress.

On the occasion of this glorious anniversary, Vietnamese Communists would like to extend their warmest and most amiable congratulations to the comrades of the Socialist Party. They would also like to express their profound gratitude to the Vietnam Socialist Party for its trust, support, and assistance.

In the new revolutionary stage, the broadening and strengthening of the all-people great solidarity bloc is very important. More than ever before, the working class, the peasantry, and the socialist intellectuals of all strata must be regarded as powerful revolutionary forces in implementing the two strategic tasks--successfully building socialism and firmly defending the socialist fatherland.

Our CPV will, together with the Vietnam Socialist Party, the Vietnam Democratic Party, and other mass organizations in the national united front, continue to strengthen their unity and sincere cooperation. They must muster all forces, develop revolutionary heroism to the fullest, strive to overcome difficulties, take necessary steps to implement scrupulously the resolution of the CPV Central Committee's eighth plenum and other resolutions of the CPV Central Committee Political Bureau, and be ready to cope with all enemy sabotage schemes and actions.

On the occasion of today's glorious anniversary and at a time when the CPV is making active preparations for the Sixth CPV Congress, all communists and the people of Vietnam sincerely wish the leading comrades and all the members of the Vietnam Socialist Party--a political party that has gone through 40 years of revolutionary struggle--still greater successes in the new stage.

In the period ahead, they must contribute to mustering and organizing the mass emulation movement to engage in productive labor, practice thrift, renovate the management mechanism, gradually stabilize the socioeconomic situation, and successfully implement the 1986 state plan.

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AGRICULTURE VIETNAM

REPORT ON RICEFIELD DAMAGE BY TYPHOON NO 3

BK251452 Hanoi Domestic Service in Vietnamese 1430 GMT 24 Jul 86

[Text] The Central Committee for Floods and Typhoons Control recently reported that on 21 July Typhoon No 3 landed in Quangzi, China, and afterward subsided into a depression and moved to the northeastern and nothern mountain areas of Vietnam. Due to the influences of Typhoon No 3 and the depression, during 21-23 July Quang Ninh, Lang Son, and Ha Bac Provinces experienced heavy rainfall measuring 200-400 mm; Bac Thai and Hai Hung Provinces, 100-200 mm; and provinces in the northern delta and midlands, 30-100 mm.

Due to the heavy downpour, the Thai Binh River and other small rivers in Lang Son Province overflowed their banks and caused floods in many areas. As of 23 July the water levels in the (Ky Cung), Luc Nam, Huong, Cau, Lap Cau, and Thai Binh Rivers had reached the third alarming point. The high water level caused waterlogging to a number of 10th-month rice areas in Hai Hung, Ha Bac, Ha Nam Ninh, Hanoi, Vinh Phu, and Ha Son Binh. As of 23 July 94,000 hectares of ricefields in these localities were under water, of which 52,000 hectares were 10th-month rice. Hai Hung faced heavy damages with 50,000 hectares under water; Ha Bac, 29,000 hectares; and Ha Nam Ninh, 20,000 hectares.

To cope with this situation, the Central Committee for Floods and Typhoons Control has assigned many supervisory teams to localities to help the local people overcome difficulties caused by the floods. These localities have taken urgent measures to control the floods and mobilize manpower to protect state property and the people's lvies. On 23 July Ha Bac Province mobilized people in six riverside villages and seven mountain villages to strengthen and repair various damaged dams and dikes.

Due to the continued adverse weather condition, the Central Committee for Floods and Typhoons Control has urged localities, sectors, and echelons at flood-stricken areas to promptly integrate their manpower and facilities to overcome the consequences of floods, closely supervise the strengthening of dikes, especially in Ha Bac, Bac Thai, and Hai Hung Provinces, thereby satisfactorily protecting the party property and the people's lives and enhancing the vigilance against the enemy's scheme of sabotage.

Along with promptly overcoming the consequences of floods and strengthening dams and dikes, localities must promptly carry out tasks on preventing waterlogging to save the 10th-month rice and provide sufficient electricity to water pumping stations in Ha Bac, Hai Hung, and Ha Nam Ninh Provinces. They must also take measures to satisfactorily care for ricefields which just have been saved from waterlogging.

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